Annual Report 2023/24

Wonderful Sound for All

WSAudiology

Contents

Management Review

Introduction
5 At a glance
6 Performance highlights
7 Letter from our Chair and CEO
9 5-year key figures and financial ratios

Purpose & Strategic ambition
11 Market overview
14 Purpose, strategic ambition and goals
16 Business model
17 Innovation
19 Innovation highlights

Performance
22 Sales performance
23 Financial review

Corporate Governance
26 Corporate governance
27 Risk management
31 Board of Directors
33 Executive Board
34 Investor information

Sustainability Statements
37 General Information
47 Environment
66 Social
85 Governance
90 Appendix

Financial Statements

Consolidated Financial Statements
101 Consolidated Statement of Profit or Loss
101 Consolidated Statement of Comprehensive Income
102 Consolidated Statement of Financial Position
103 Consolidated Statement of Cash Flows
104 Consolidated Statement of Changes in Equity

Parent Financial Statements
163 Statement of Profit or Loss
163 Statement of Financial Position
164 Statement of Cash Flows
164 Statement of Changes in Equity

Statements
169 Statement by Management on the Annual Report
170 Independent auditor's report
172 Independent Auditor’s Assurance Report on ESG/Sustainability Statements

Coverpage image:
Signia. Be Brilliant.

Signia continues to rethink conventional hearing care to meet the ever-growing expectations of modern-day consumers who refuse to live a life limited by hearing loss.

FOLLOW US

Management Review

Introduction

5 At a glance
6 Performance highlights
7 Letter from our Chair and CEO
9 5-year key figures and financial ratios

At a glance

WS Audiology is a global leader in the hearing aid industry. We help millions of people regain and enjoy the miracle of hearing by designing and manufacturing innovative hearing devices and solutions. We improve people's health, well-being and quality of life by striving to unlock human potential by making wonderful sound part of everyone's life.

Through our global customer network of thousands of hearing care professionals and our consumer-facing businesses, we help raise awareness of hearing loss and facilitate access to professional care.

GLOBAL HEADQUARTER
REGIONAL HEADQUARTER
PRODUCTION AND DISTRIBUTION
RESEARCH AND DEVELOPMENT HUB
PRESENCE

18

million people equipped with WSA hearing aids since our Company's inception 5 years ago.

12,600+

employees working in more than 45 offices.

7

main production sites in Denmark, Singapore, China, Mexico, Poland, USA and the Philippines.

4

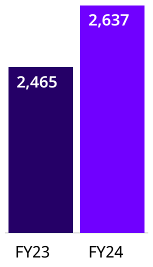
R&D hubs in Denmark, Germany, India and Singapore, supported by a global R&D organization, form our innovation powerhouse.

Performance **highlights**

Financial

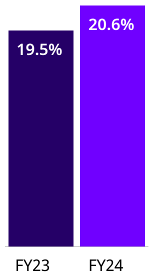
2,637

Revenue, EURm
Organic growth 10%



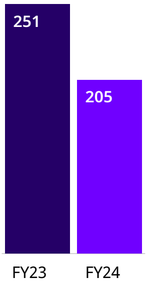
542

EBITDA before special items, EURm
Margin + 1.1% points



205

Free cash flow, EURm
- 18%



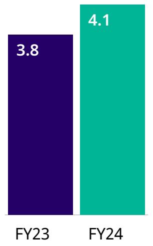
FINANCIAL REVIEW AND OUTLOOK FY24 →

FINANCIAL STATEMENTS SECTION →

Non-financial

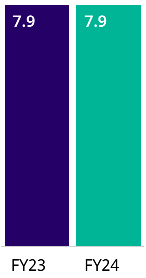
4.1

Expand access
million people equipped with hearing devices
+ 8%



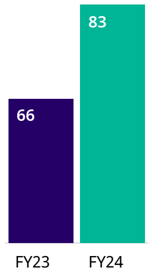
7.9

Wonderful Place to Work
Engagement score, 1 - 10



83

Protect the planet
% share of renewable electricity used
+ 26% points



SUSTAINABILITY STATEMENTS SECTION →

LETTER FROM OUR CHAIR AND CEO

A Strong Foundation

During the financial year WSA delivered double-digit organic growth and a solid margin improvement in line with guidance*. Our ambition to help more people with hearing loss than anyone else is stronger than ever, as we have the most diverse portfolio and the strongest presence in developing hearing care markets. Since our inception 5 years ago, we have equipped 18 million people with hearing aids. Our goal is to equip 20 million more people by 2028.

LARS RASMUSSEN
Chair of the Board of Directors

JAN MAKELA
President and CEO

Strategic Progress
Guided by our mission of Wonderful Sound for All, we are addressing the growing challenge of hearing loss. With industry-leading innovation, a diverse portfolio of solutions, and a strong global presence, we are positioned to help more people than any other hearing aid manufacturer. Beyond improving devices and software, we are innovating the retailer and consumer journeys to make access to better hearing easier and more affordable.

Following the process of merger integration and subsequent commercial expansion from 2019, WSA is entering a next phase, furthering the consistent delivery of stronger profitable growth. In financial year 2023/24 we grew revenues organically by 10%, with an EBITDA margin before special items* improvement of 1.1%-pts and an increase in EBITDA before special items* by EUR 62 million or 13%. The Signia IX platform, which was launched in September 2023, was the main growth driver behind our FY performance.

We have built a workplace with a diverse, inclusive and supportive culture. Our annual global employee engagement survey, conducted in May 2024, showed that WSA is maintaining the high level of 7.9 achieved last financial year, while undergoing some significant leadership changes. WSA USA, Denmark, Singapore and Germany received the Top Employer certification in 2024, reinforcing our global commitment to creating an exceptional employee experience.

We enhanced our capabilities in performance tracking and reporting across key sustainability areas to meet future reporting obligations by 2026. Our commitment to decarbonization remains strong, approached from a value chain perspective collaborating with suppliers, reducing greenhouse gas (GHG) emissions within our operations, and addressing product end-of-life while we remain on track to meet our Science-Based Targets initiative (SBTi) goals, including 100% renewable electricity by 2025, a 50% reduction in absolute scope 1 and 2 GHG emissions by 2030 from a 2020 base year, and a 30% reduction in scope 3 emissions by 2030 from a 2021 base year.

Social sustainability is a key focus as well. Guided by the UN Guiding Principles on Business and Human Rights (UNGPs), we have expanded human rights training and strengthened supplier due diligence, including chain of custody for battery suppliers. Our due diligence has now been integrated with our EH&S audits, covering health and safety, diversity, equity, and human rights.

*EBITDA before special items is defined in page 9 and comprise of EBITDA adjusted for settlement of management incentive programme and CEO/Chair transition during the year.

Pioneering Innovation
Signia Integrated Xperience (IX), the new platform under the Signia brand, is a huge success and a key growth driver. Signia IX addresses the biggest unmet need for people with hearing loss: group conversations in noise. New form factors like Styletto, Insio IX and Active Pro IX were added during the year.

Signia IX's solution for maximizing understanding of group conversations in noisy environments is industry-leading and unique. IX separates incoming sound into "own voice," "other voices," and "background," using a multi-stream processing technique to enhance each independently, and using binaural beam directionality to track speaker movement. When we first introduced IX in late 2023, we ran a series of industry-standard lab and consumer tests against competitors for this vital group conversation in noisy environments functionality. IX came out on top. We ran the same standard test protocols again with the latest competitor lineup in September 2024 and are proud to have maintained this clear leadership. Our future roadmap for IX includes more innovations to extend this leadership, including embedding AI DNN into stream processing at the point where this technology is mature enough to further improve performance.

WSA strengthened the Widex portfolio with the introduction of the SmartRIC. Widex SmartRIC builds upon our achievements in natural sound. It features a groundbreaking L-shaped design that places the microphones at an improved angle for better directionality. Widex SmartRIC also offers the ultimate freedom from battery life concerns by providing up to 37 hours on a single charge. Widex was recognized at the 2024 Red Dot Design Awards with three wins across two categories.

Rexton, the global hearing aid brand known for its reliability, launched Rexton Reach, a rechargeable hearing aid with Multi-Voice Focus. Rexton Reach ensures that every voice is heard. It allows users to hear multiple voices at the same time, even in background noise.

WSA inaugurated a new Research and Development hub in Hyderabad, marking a significant milestone in the company's expansion in India. The new hub underscores our commitment to harnessing local talent and technology to drive global innovation. With a capacity for over 250 engineers, the hub will focus on the use of Artificial Intelligence to enhance hearing experiences through contextual awareness, enhance user applications to make them more intuitive, optimize workflows for hearing care professionals to streamline patient interactions, and explore innovative approaches to make hearing aids more affordable.

Leadership and Ownership
In February 2024, Lars Rasmussen took over as board chair, succeeding Marco Gadola, who had led the board since January 2020. In April we announced that Jan Makela was succeeding Eric Bernard as President and CEO, effective July 15th. WSA's owners expressed their gratitude for Bernard's achievements who, supported by Gadola, led the company through the first 5 years after the merger, growing revenues by more than 50%, strengthening the leadership team, driving employee engagement levels and developing WSA into a sustainability leader.

In April 2024, the Lundbeck Foundation announced that it had entered into an agreement with T&W Medical to acquire a minority share in its 51% majority stake in WS Audiology A/S of which EQT holds the additional 49%. The Lundbeck Foundation's investment and additional investment by T&W Medical and EQT strengthened WS Audiology's capital base, and the new partnership between T&W Medical and the Lundbeck Foundation supports the company's long-term development.

In May 2024, WSA announced a generational change and a new board member on behalf of the Lundbeck Foundation as well as the resignation of two Board members. Jan Tøpholm, 2nd generation owner of WSA, stepped down as Vice Chair of the WSA Board and passed the baton to Adam Westermann, 3rd generation owner of WSA and Board member since 2021. In addition, Arne Due-Hansen joined the Board on behalf of the Lundbeck Foundation. Egbert van Acht and Malou Aamund stepped down from the Board.

Refinancing and Intangible Assets
WSA successfully closed the syndication of a refinancing transaction in April 2024, extending the maturities of WSA's remaining EUR 3.3 billion long-term debt by three years to 2029. It includes a significant increase in the Group's working capital facilities. As part of the transaction, WSA's shareholders, T&W Medical and funds managed by EQT, injected an additional EUR 500 million in equity, resulting in a significant reduction of WSA's net leverage.

In June 2024, WSA announced that the useful lives for two categories of intangible assets recognized at the time of the business combination in 2019, "Customer Relationships" and "Core Technology and Intellectual Property", were aligned to medical device industry standards of 3-5 yrs. This decision follows the mandatory annual review of the amortization period of intangible assets as required by International Accounting Standard number 38 in IFRS (IAS 38). The change in useful lives for these two categories resulted in an additional amortization expense of approximately EUR 1.1 billion in the Group's consolidated financial statements for the financial year, resulting in a net loss of EUR 1.2 billion. The effect is further described on page 108 of the Financial Statements.

Outlook
For the financial year 2024/25, WSA expects 3-6 % organic revenue growth, supported by our competitive product portfolio and upcoming launches.

The EBITDA margin is expected to increase by 1-2 percentage points versus financial year 2023/24, supported by cost improvement programs and growth.

LARS RASMUSSEN
Chair of the Board of Directors

JAN MAKELA
President and CEO

5-year key figures and financial ratios

EURm	2023/24 IFRS	2022/23 IFRS	2021/22 IFRS	2020/21 IFRS	2019/20 IFRS
Consolidated Statement of Profit or Loss					
Revenue	2,637	2,465	2,351	2,053	1,738
Gross profit	1,496	1,440	1,376	1,202	973
EBITDA before special items*	542	480	–	–	–
Normalized EBITDA	–	514	502	464	331
Reported EBITDA	521	480	422	413	201
Depreciation and amortization**	1,538	300	323	305	317
EBIT	(1,017)	180	99	108	(116)
Net financial items	(437)	(156)	(372)	(190)	(183)
(Loss)/Profit before tax	(1,454)	24	(273)	(81)	(299)
Loss for the year	(1,197)	(5)	(270)	(82)	(243)
Consolidated Statement of Financial Position					
Assets	5,288	6,661	6,779	6,668	6,811
Net Interest Bearing Debt	3,308	3,610	3,746	3,504	3,452
Net Working Capital	319	258	284	225	241
Equity	838	1,594	1,593	1,701	1,770

* In Q1 2024, WSA introduced a new structure for reporting on EBITDA metric; EBITDA before special items. The new metric substitutes the previous measure defined by the covenant package in the Senior Facilities Agreement (SFA) - Normalized EBITDA relating to merger-related cost. EBITDA before special items is adjusted for costs that are exceptional in nature.

** Includes amortization of identifiable assets from Purchase Price Allocations of EUR 1,288 million (2022/23: EUR 144 million) from business combinations.

EURm	2023/24 IFRS	2022/23 IFRS	2021/22 IFRS	2020/21 IFRS	2019/20 IFRS
Other key figures					
Investment in property, plant and equipment	58	75	60	43	35
Cash flow from operating activities	395	459	368	397	240
Free cash flow	205	251	203	262	116
Number of full-time employees	12,679	12,528	11,980	11,441	10,791
Financial ratios, %					
Organic growth	10	7	7	22	(11)
Gross profit margin	57	58	59	59	56
EBITDA margin before special items	21	20	–	–	–
Normalized EBITDA margin	–	21	21	23	19
Reported EBITDA margin	20	19	18	20	12
EBIT margin	(39)	7	4	5	(7)
Return on equity	(98)	-	(16)	(5)	(13)
Equity ratio	16	24	23	26	26
ESG					
People equipped with hearing aids (million)	4.1	3.8	3.5	3.1	2.2
Underpresented gender in managerial roles (% of women)	39%	37%	39%	37%	38%
Share of renewable electricity (%)	83%	66%	41%	23%	16%

Key figures/ financial ratios definitions

EBITDA = Earnings before interest, tax, depreciation, amortization
EBIT = Earnings before interest and tax
Net financial items = Interest income, interest expenses and other financials net
Net interest-bearing debt = total interest-bearing debt – cash and cash equivalents
Net Working Capital = Trade receivable + Inventories – Trade payables
Organic growth = Growth in revenue exclusive of the impact of foreign exchange rate changes, acquisitions and divestments.

Free cash flow = Operating cash flow – net capex
Gross profit margin = Gross profit/(loss) x 100/revenue
EBITDA margin before special items = EBITDA before special items x 100/revenue
Normalized EBITDA margin = Normalized EBITDA x 100/revenue
Reported EBITDA margin = Reported EBITDA x 100/revenue
EBIT margin = EBIT x 100/Revenue
Return on equity = Profit/(loss) for the year x 100/average equity
Equity ratio = Total equity/total assets x 100

Purpose & Strategic ambition

11 Market overview

14 Purpose, strategic ambition and goals

16 Business model

17 Innovation

19 Innovation highlights

Market overview

An Underpenetrated Market
Today, more than 1.6 billion[1] people suffer from hearing loss. Of these, 430 million have a disabling hearing loss that requires treatment. By 2050, WHO predicts that 2.5 billion people will suffer from hearing loss, including at least 700 million with disabling hearing loss.

However, less than 20% of those who need treatment[1] are fitted with hearing aids, despite the negative impact of hearing loss on individuals and society as a whole. Social isolation and loneliness, increased risk of unemployment and increased risk of developing dementia are the most significant. The latter has recently received increasing attention in the medical literature.[2]

In economic terms, untreated hearing loss costs society more than $980 billion annually[1] in healthcare, education and lost productivity.

The main reasons why the penetration of hearing aids is only 20% are:

1. Awareness of the problem and the benefits of the solutions
2. Access to care
3. Affordable solutions
4. Association with aging and lower intelligence (stigma)
5. User experience (complex user journey)

There are significant differences between countries in terms of penetration and the relative importance of these underlying reasons. Historically, little progress has been made in overcoming the barriers that prevent people with hearing loss from seeking the help they need and, as a result, the hearing aid industry has not grown to its full potential.

At WSA, our mission is to "unlock human potential by providing Wonderful Sound for All", and we pursue this mission by breaking down these barriers.

A Growing, Resilient Industry
Approximately 12 million people worldwide are fitted with new hearing aids each year, representing approximately 21 million hearing aids. This number is growing at a 5-6% annual rate, driven primarily by an increase in the number of hearing aid replacement cycles due to longer life expectancy and an increase in the number of people with what is known as disabling hearing loss. The latter is driven by the growing and aging population in general and by increasing exposure to noise (concerts, work, (wireless) headsets, etc.).

The industry is characterized by resilience to general economic turbulence due to factors such as

a. Growth decoupled from macro effects (population growth, demographic shifts)

b. (Public) reimbursement support in many markets

c. User group primarily with fixed income, higher net worth and less exposure to unemployment risk

For example, during the COVID-19 pandemic, the market contracted by 15-20% in volume in 2020 as hearing care professionals were forced to close their centers. However, the market rebounded in 2021 with growth of 30-35% as pent-up demand was released. In addition, during the 2008 financial crisis, the market declined by only 1% in volume terms.

Structural trends supporting growth

Growing population

Aging population

Increase in noise exposure

Increase in hearing aid replacement cycles due to longer life expectancy

[1] Dementia prevention, intervention, and care: 2024 report of the Lancet standing Commission, Livingston, Huntley, et al. The Lancet Commissions, Volume 404, Issue 10452 p572-628, August 10, 2024.
[2] Source: WHO, Hopkins Medicine

Distribution Channels

The way in which people obtain hearing aids varies greatly from country to country and depends heavily on local reimbursement and support. Most people typically first consult their general practitioner and/or ENT (ear, nose and throat) specialist, who act as an intermediary, before going to a professional hearing care center. Professional channels include independent hearing centers, specialty hearing chains, government channels including hospitals, and big box or optical chains.

In addition, some people prefer online-to-offline models, where they consult online before going to a hearing center. Others have insurance benefits and use managed care providers to help them navigate the process.

Online direct-to-consumer models now account for about 1-2% of the traditional hearing aid market. This is driven by strict regulations in most Western countries, where hearing aids can only be purchased after being prescribed and tested by a hearing healthcare professional. In addition, user preference for face-to-face counseling and the complexity of the fitting process, especially for more severe hearing losses, contribute to the low penetration of online direct-to-consumer models today. However, this channel is expected to grow significantly as countries begin to relax regulations, self-fitting technologies and tele-audiology improve, and more tech-savvy end users enter the category.

China is an example of a country where the regulatory framework and a lack of sufficient professional distribution channels mean that a significant volume is sold online through Tmall and other e-commerce platforms. However, the majority of this volume consists of personal sound amplification products (PSAPs) rather than professional grade hearing aids.

In the United States, the Over-the-Counter Hearing Aid Act has been in effect for almost two years. The law allows certain types of hearing aids to be sold over the counter (OTC) to Americans with mild to moderate hearing loss. This U.S. OTC market has evolved into a USD 200+ million market with a few players with well-known consumer brands such as Bose and Sony. WSA is partnering with Sony offering high-end OTC hearing aids and numerous lesser-known brands offering low-end solutions. The vast majority of sales in this market are made through online channels.

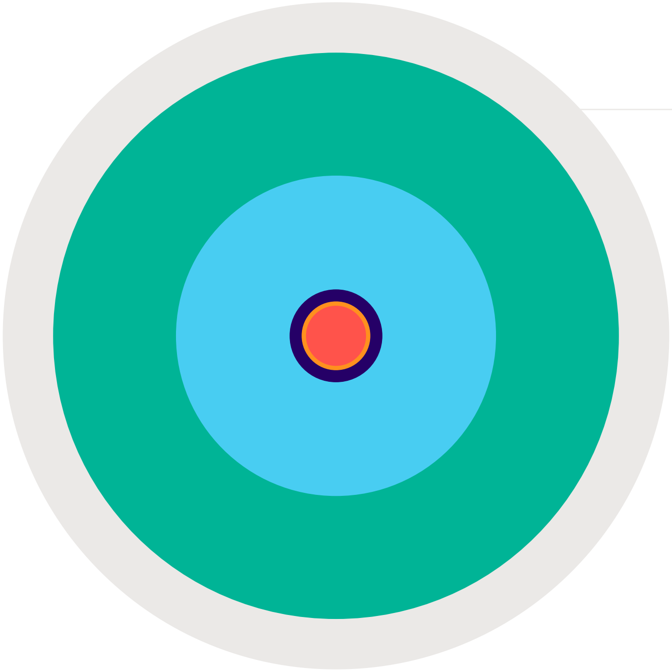
• **1,153** million people with **mild hearing loss**

• **369** million people with **moderate hearing loss**

• **31** million people with **severe hearing loss**

• **17** million people with **profound hearing loss**

• **13** million people with **complete hearing loss**



More than 1,600 million people suffer from hearing loss globally

1,600m

80% non-wearers

20% less than 20% of people with disabling hearing loss (430m) are equipped globally

4 types of hearing solutions

Hearing loss		**Over-the-counter (OTC) hearing aids** sold directly to consumers without prescription	**Hearing aids** fitted by hearing care professionals and dispensed by licensed audiologists	**Bone-anchored hearing aids (BAHA)** covering surgical titanium implants	**Electronic cochlear implants** surgically inserted
Mild	20 to < 34 dB				
Moderate	35 to < 64 dB				
Severe	65 to < 79 dB				
Profound	80 to < 94 dB				
Complete	95 dB or greater				

Source: WHO, Hopkins Medicine

Purpose, **strategic ambition** and goals

Our purpose is to deliver Wonderful Sound for All. It is integrated with our strategic ambition to become a true leader by transforming lives across all markets, channels and price points.

We have identified six priorities to achieve our purpose and strategic ambition while breaking down the barriers that prevent people from adopting hearing aids in the long term:

1. Increase awareness – We make people aware of hearing health and hearing solutions that meet their personal needs.

Millions of people living with hearing loss are unaware of hearing health and hearing solutions that meet their personal needs. In addition, there is a stigma associated with wearing hearing aids. To increase awareness, we believe the industry has a responsibility to address stigma through open conversations about hearing health. We also believe we can address stigma through innovative design and iconic form factors that make hearing aids even more discreet and cool. We believe we can make a meaningful difference by creating strong, recognizable and relatable consumer-facing brands.

2. Expand access – We make it easy to get hearing solutions wherever people are.

Hearing healthcare infrastructure varies widely from country to country. In some countries, traveling to see a hearing care professional or to pick up a prescribed solution can mean a long journey and sometimes even a loss of income. Or it may be impossible for people with mobility issues. The harsh reality is that only about 20 percent of people with hearing loss worldwide receive any kind of hearing care today. We want to close that gap. We want to make it easy for people to get hearing solutions wherever they are, using advanced technologies such as tele-health, cloud technologies and artificial intelligence.

Purpose

Wonderful Sound for **All**

How we achieve the purpose

1. Increase awareness
2. Expand access
3. Tackle affordability
4. Profitable growth
5. Wonderful Place to Work
6. Protect the planet

Values

- Going beyond together
- Pioneering for better solutions
- Passion for impact

3. Tackle affordability – We are making relevant hearing solutions available to all through technology and commercial innovation.

In most countries, the penetration of hearing health services is very low. A key driver is the affordability of hearing health solutions. Public reimbursement programs and insurance play an important role in increasing affordability. Fortunately, things are moving in the right direction. More and more people around the world are becoming insured or eligible for reimbursement. But as an industry leader, we need to drive change. Through technology and commercial innovation, we are making hearing solutions accessible to more people every year.

4. Deliver profitable growth – We create a healthy business so we can continue to invest in our ability to deliver quality hearing care solutions for all.

Achieving profitable growth and maintaining a healthy business is critical in the highly competitive hearing aid industry. To remain successful, all players invest significant percentages of sales in new product development, including new hearing solutions and supporting software solutions for hearing care professionals. In addition, the industry is consolidating, and players are investing more in distribution. To remain competitive, WSA continues to deliver profitable growth to drive innovation and secure long-term access to consumers by investing in existing and new distribution models.

5. Build a Wonderful Place to Work - We facilitate the inclusion of people with diverse views, opinions and backgrounds to attract the strongest talent.

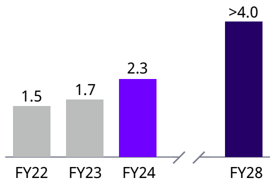
Building a Wonderful Place to Work serves as a foundational element of WSA and our purpose to deliver Wonderful Sound for All. We believe that leveraging diverse perspectives within a culture of openness and support not only drives performance, but also sparks impactful innovation that ultimately benefits our customers and consumers. An inclusive culture remains a top priority for us.

6. Protect the planet – We care about the planet and are moving towards circular business models.

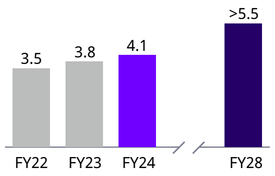
Our goal is to meet the growing need for hearing healthcare around the world, recognizing that protecting the planet is inextricably linked to what we do. We are focused on reducing environmental impact throughout our value chain. We have set ambitious targets to help limit global temperature rise to 1.5°C and reduce biodiversity loss. We are taking important steps toward a circular business model, where we keep materials in use as long as possible, reduce the extraction of natural resources, and reduce the amount of waste we generate.

How we achieve our purpose and strategic ambition
We have set a clear goal for each priority:

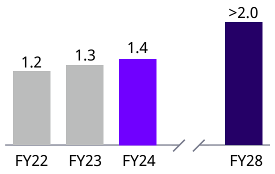
1 Increase awareness
Million people hearing tested



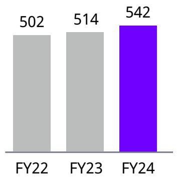
2 Expand access
People equipped with hearing devices



3 Tackle affordability
Million people equipped with hearing aids with lower private-pay (1)

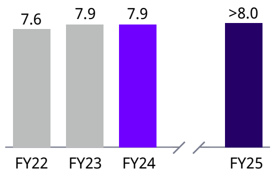


4 Profitable growth
EBITDA before special items, EURm

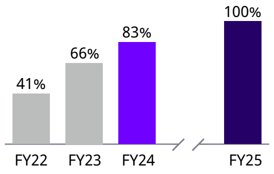


* For FY25 outlook please go to page 8

5 Wonderful Place to Work
Engagement score, 1 - 10



6 Protect the planet
% of renewable energy used



(1) Including public sales, managed care, OTC and price points below pp50.

Business **model**

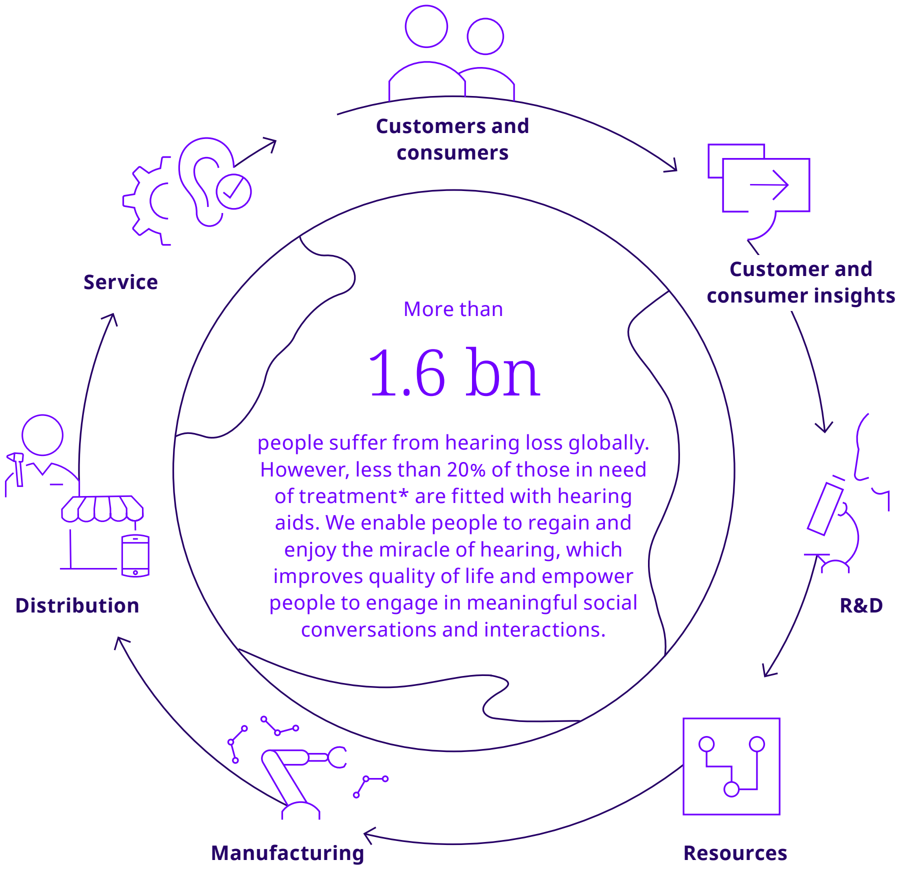
At WSA, we strive to break down barriers for people with hearing loss by growing a sustainable business and delivering **Wonderful Sound for All.**

Customers and Consumers
Through our global customer network of thousands of hearing care professionals and our consumer facing businesses, we help millions of people regain and enjoy the miracle of hearing by designing and manufacturing innovative hearing aids and solutions. We equipped 4.1 million people in 2023/24 with our hearing solutions.

Customer and Consumer Insights
We listen to what hearing care professionals and wearers tell us. When a person decides to get a hearing aid, the main reason is obviously a strong desire to improve their hearing. But the decision to choose a specific solution is based on a number of different factors.

Research & Development
Our approach to innovation is driven by what we learn from wearers and hearing care professionals about what they consider to be the most important challenges facing people with hearing loss. We spend approximately EUR 170 million per year on R&D, to develop hearing aids and digital solutions.

Resources
We rely on supplies of materials and components, diverse talents, and financial resources.



Manufacturing
With a global manufacturing footprint, we produce high-quality solutions at scale while continuously improving our environmental footprint through optimization and innovation. Our regional manufacturing and distribution hubs ensure a de-risked and simplified supply chain close to our regional markets.

Distribution
To increase accessibility and provide solutions for all, we have a multi-brand, multi-channel play that includes retail, online, managed care and our network of hearing healthcare professionals.

Service
Through customer service, product service, maintenance and repair, we extend the life of our hearing aids, conserve resources, reduce our environmental impact and move towards a circular business model.

* Source: WHO, Hopkins Medicine

Innovation

At WSA, we are dedicated to bringing Wonderful Sound for All, which sets high standards for our R&D teams.

Millions of people around the world still face the challenges of untreated hearing loss. At WSA, our mission is not just a goal, but a beacon of hope for these individuals. We are dedicated to bringing Wonderful Sound for All, which sets very high standards for our R&D teams. Each brand, channel and consumer segment has unique needs, and our innovation is driven by those who know these needs best - hearing aid wearers and hearing care professionals.

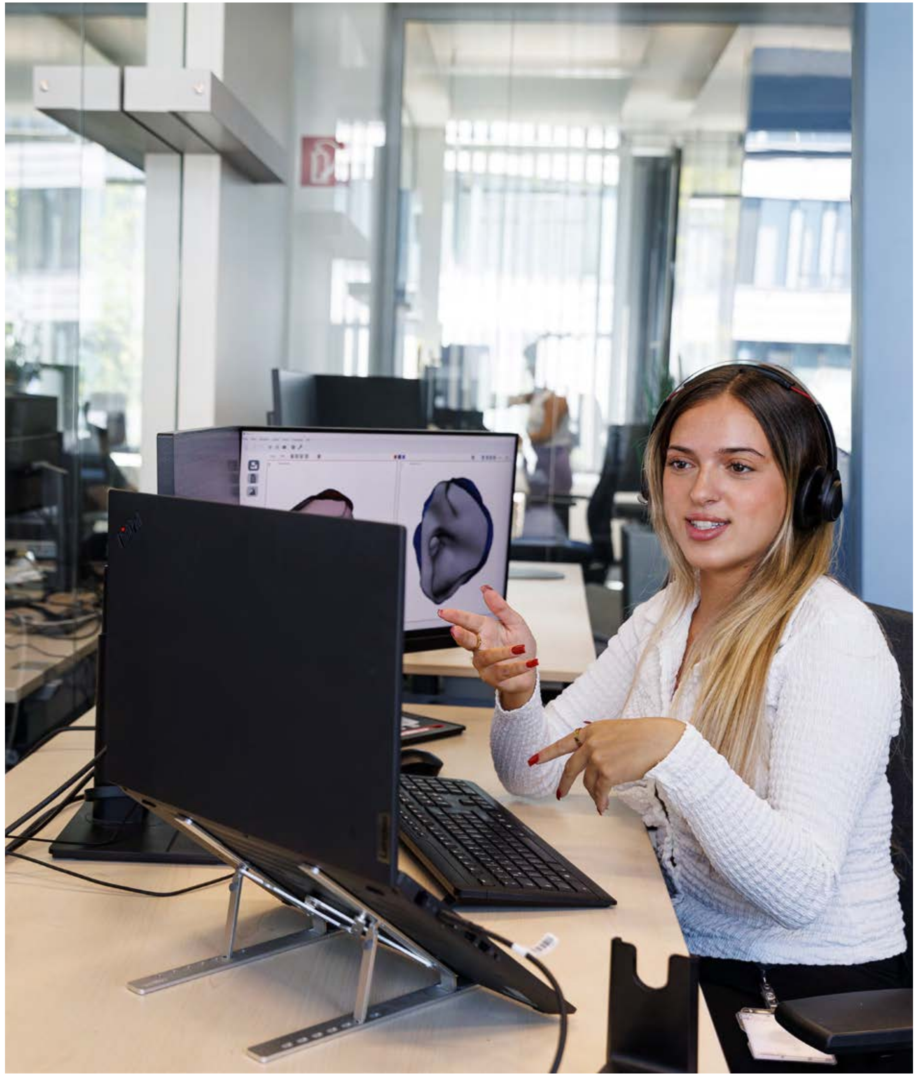
When a person decides to wear a hearing aid, their primary goal is to improve their hearing, often based on recommendations from hearing healthcare professionals, family and friends. The choice of brand and specific hearing solution is usually driven by the hearing care professional. Consumer satisfaction depends not only on the primary function, but also on several other factors: product reliability, the ability to customize to individual preferences, seamless connectivity with other devices such as smartphones and televisions, and most importantly, design. Does it look and feel good? Does it challenge the stigma associated with hearing aids?

In addition to choosing solutions that provide the best audiological performance for their end-users, hearing care professionals choose to work with hearing aid manufacturers that offer solutions that enable them to run their business efficiently and help them grow their business. In short, hearing care professionals value user satisfaction, product innovation, ease of use, product reliability, and a fitting process that is as simple as possible.

At WSA, we have translated the needs and preferences of our consumers and customers into a set of innovation priorities. This user-centric approach is at the heart of everything we do and ensures that our key areas of innovation are driven by the people we want to serve.

Our Innovation Priorities

- Enhance speech understanding in noisy group conversations
- Reduce stigma and encourage early adoption with innovative designs
- Simplify usability with easy-to-use, rechargeable solutions and easy-to-use, intuitive workflow solutions for hearing care professionals
- Deliver natural sound perception and high quality audio
- Enhance the connected experience for seamless integration
- Empower users with easy-to-use applications and AI-powered personalization solutions



Based on these priorities, we work in a three-phase development process: an innovation funnel, a development pipeline, and a launch and post-launch phase. In the first phase, our innovation funnel outlines an efficient way to manage large volumes of innovation from inception to integration. In this phase, we are exploratory and entrepreneurial, identifying customer value and potential risks early in the process. When innovations become technically feasible, they are moved into the development pipeline, a highly managed and structured process. Finally, products are fine-tuned, validated, and verified before they go to market. We conduct extensive post-launch follow-up to ensure and improve our products.

Artificial Intelligence for Personalized Hearing Experiences
At WSA, we have been using AI in our Widex and Signia products for more than a decade. We use advanced AI applications to adjust hearing aid settings based on individual wearer preferences and the specific sound environments they encounter. AI helps make the fine-tuning process more efficient, enabling a highly personalized hearing experience. Importantly, our AI applications learn from the real-world data they collect, improving their performance over time, enabled by cloud technologies that provide access to unparalleled data sets.

This efficiency allows the HCP to focus on the most important aspects of the wearer's life. How the wearer is feeling, their primary concerns, their responses to amplification - all can be better addressed, leading to more effective counseling and support for the client.

In the coming years, AI technologies will be further integrated into our hearing systems, including our unique split-processing technology, multi-stream architecture and HCP workflow solutions. In this way, we ensure that the AI applications are fed with the richest possible data set, enabling unmatched performance and convenience for users.

Innovation Powerhouse
Backed by a global R&D organization with unparalleled expertise and an expansive footprint, we leverage our design capabilities through a robust global collaboration network. Our strategic alliances with leading research institutions and industry pioneers ensure that we remain at the forefront of innovation, pushing the boundaries of what's possible. Our holistic approach spans physiological, neural, and behavioral research, enabling us to create solutions that resonate with users and recommenders.

As a testament to our innovation leadership, WSA consistently delivers industry firsts and is the top patent applicant for conventional assistive hearing technology according to the World Intellectual Property Organization (WIPO).

Unleashing the Power of Conversation
With our two technologically differentiated platforms, WSA is uniquely positioned to deliver best-in-class, differentiated innovation.

Our experience has made us particularly strong in tackling dynamic group conversations in noisy environments, creating the most natural sound, rechargeability and innovative design. For example, we created the most natural sound through low delay or ultra-fast processing. We improved hearing performance with our latest Integrated Xperience (IX) technology, a multi-stream architecture that accurately locates multiple moving speakers in real-time conversations. A recent study showed that this platform delivers more than twice the speech enhancement benefit of any competitor, including a recently introduced AI co-processor-driven platform.

Key facts about WSA Innovation

4

major R&D hubs in Erlangen (Germany), Hyderabad (India), Lynge (Denmark), and Singapore.

1,150

people working in R&D globally

~50

research partners globally

+100

solutions brought to the market every year

>180 mEUR

annual spend in R&D

Innovation **highlights**

Rooted in unparalleled innovation and decades of experience, our brands continuously launch pioneering technologies and designs. During the financial year 2023/24, the Signia Integrated Xperience platform enabled even more wearers to seamlessly participate in conversations with multiple speakers even as they move due to RealTime Conversation Enhancement.

TAKE A 3D EXPERIENCE ON OUR WEBSITE

Signia ... a story of going beyond

True to its pioneering DNA, Signia continues to rethink conventional hearing solutions to meet the ever-increasing expectations of today's consumers who refuse to live a life limited by hearing loss. The introduction of the Integrated Xperience (IX) platform in 2023 marked another technological leap.

Signia pioneered split processing with the introduction of the Augmented Xperience (AX) platform in 2021, enabling unprecedented hearing performance in noise. Building on the advanced audiology within AX, Signia Integrated Xperience features RealTime Conversation Enhancement. Groundbreaking, sophisticated sound processing that analyzes, enhances and adapts a dynamic soundscape, enabling wearers to seamlessly participate in conversations with multiple speakers even as they move.

According to study results, Signia IX, with its Real Time Conversation Enhancement (RTCE) technology, delivers more than twice the speech enhancement benefit in noisy group conversations compared to other leading hearing aids in measured signal-to-noise ratio (SNR) in a group conversation set-up. [1]

Signia's innovation and launch excellence ensure market access to a broad portfolio of IX-based and novel devices within 24 months. The relentless pursuit of advancing audiology, the willingness to push precision engineering to its limits, and the courage to create designs that redefine what a hearing aid looks like set Signia apart from any other brand in the industry. Signia is a brand of world's firsts such as Split Processing and Own Voice Processing.

The IX Product Portfolio
The number of products on the IX platform is growing: Signia Pure Charge&Go IX supports RealTime Conversation Enhancement™, which empowers users in conversations like never before. AI-powered hearing assistance improves device performance throughout its lifetime. Instant fit devices such as Signia Silk Charge&Go IX eliminate the need for lengthy and multiple consultations in effect establishing a whole new category within the hearing-care industry. Signia Styletto IX has a sleek and elegant design, and Signa Active Pro IX is a true earbud design that fits right into any busy lifestyle.

signia

[1] Jensen NS, Wilson C, Kamkar Parsi H, Samra B, Hain J, Best S & Taylor B. 2024. Signia IX delivers more than twice the speech enhancement benefit in a noisy group conversation than the closest competitors. Signia White Paper. Retrieved from www.signia-library.com.

Innovation **highlights**

In the financial year 2023/24, Widex took natural sound to the next level with the launch of SmartRIC, which features an award-winning L-shaped design that improves directionality, making it easier to hear and understand speech in noise.

TAKE A 3D EXPERIENCE ON OUR WEBSITE →

Widex SmartRIC

WIDEX

Sound like no other

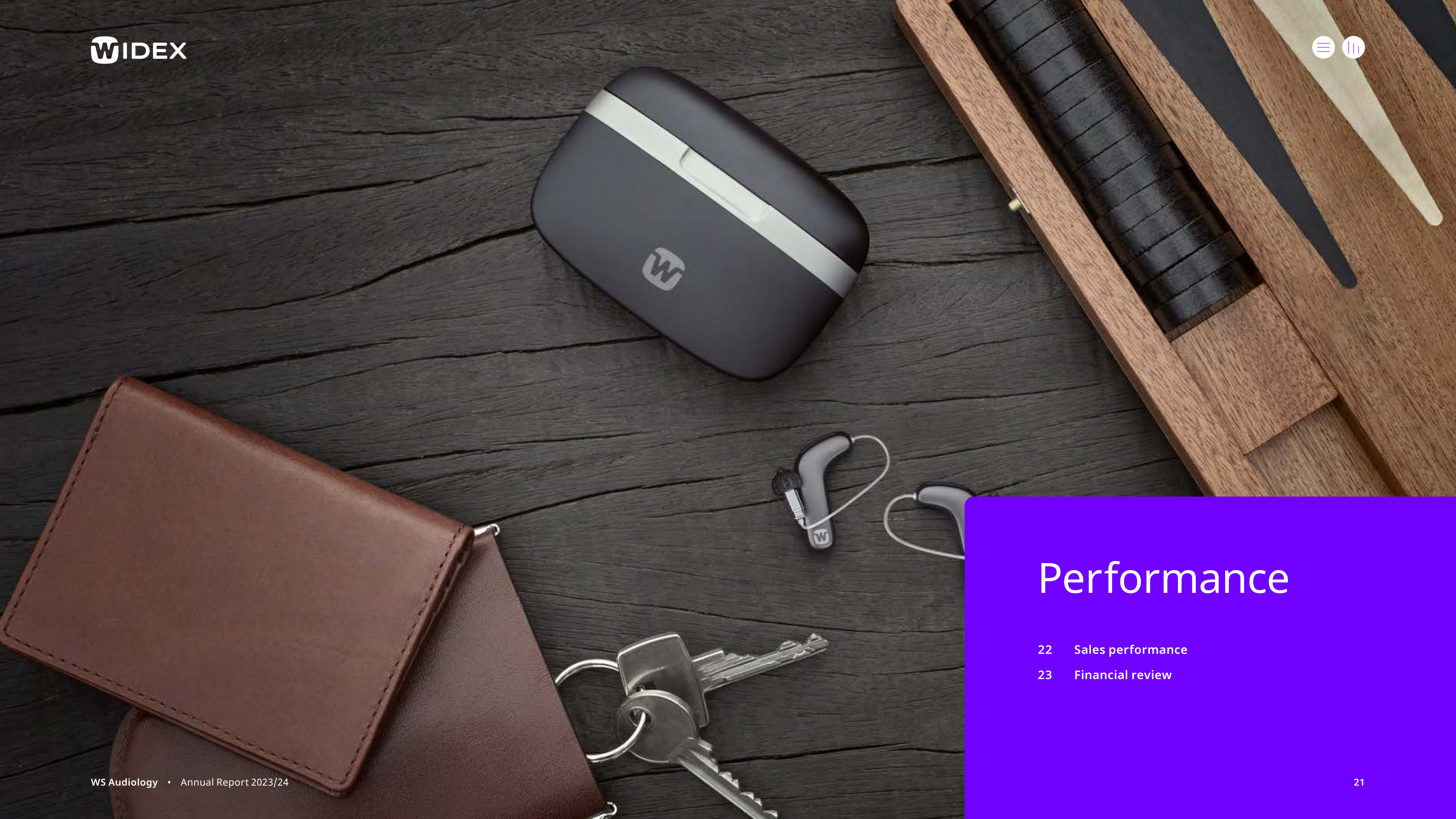
At Widex, we believe that Less is More in natural hearing. That means we manipulate the incoming sound less to craft a more natural hearing experience for the wearer. We use cutting-edge technology to process sound in a way that nothing unnecessary is added and nothing important is taken away. This means that we don't aggressively process the sound if it's not absolutely necessary, and we don't take away anything that affects the sound quality.

The Widex Sound Philosophy is our guiding light in all that we do. It guides the decisions that we make in R&D, so that we know that our hearing aids are developed as a holistic solution, with the user at the center. Widex hearing aids are fitted by independent hearing care professionals who differentiate their clinics by offering our premium, high-quality solutions for an excellent patient experience. This collaboration between Widex and independent hearing clinics ensures that patients receive a natural hearing experience with authentic and detailed sound.

Widex SmartRIC builds upon our achievements in natural sound with thoughtful upgrades to provide significant user benefits. With an award-winning L-shaped design, SmartRIC provides improved directionality so that speech in noise is easier to hear and understand. It also features a redesigned microphone cover for reduced wind and touch noise, two annoyances commonly reported by wearers. These enhancements are designed to help wearers engage in social situations and live their lives more fully. And since these are mechanical changes, we provide measurable benefits to the user without adding to the processing delay of the hearing aid, preserving the signature Widex sound quality. All in a slim, comfortable and stylish design that is both subtle and remarkable in appearance.

Widex SmartRIC also offers the ultimate freedom from battery life concerns by providing up to 37 hours on a single charge. Wearers on the move will benefit from the included charging case — Widex' first-ever portable charging solution. The sleek, compact case can fully charge the hearing aids in four hours, or if the wearer forgets to charge their devices, they can add eight hours of continuous use through a 30-minute fast charge. With the capacity for five full charges, the case fits right into a pocket or small bag, empowering wearers with hassle-free charging for more than one week off the grid, offering mobility, and peace of mind.

With technology accelerating around us every day, it's important to remember that Widex has been leveraging machine learning and AI-based technologies since 2018 to help wearers tailor their hearing aid sound in real-time. The SmartRIC is supported by the Widex Moment app, which offers a flexible, user-friendly interface for adjusting hearing aid features. This app includes AI-driven tools like MySound and Sound Sense Learn, ensuring that wearers enjoy a comfortable sound quality in any environment.



Performance

22 Sales performance

23 Financial review

Sales performance

EUR
1,323 m

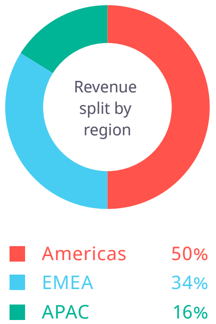
+6% reported growth

EUR
888 m

+9% reported growth

EUR
426 m

+4% reported growth



Americas
Our teams in the Americas delivered strong organic growth of 11%. Growth was broad-based across the US, Canada and Latin America. US Retail returned to strong growth, driven by improved performance in the private pay market, and US Online accelerated growth significantly, driven by successful customer expansion. We also saw solid growth in Managed Care, US Wholesale and Canada. The launch of Signia IX was a key growth driver in all markets.

EMEA
Our EMEA business delivered double-digit organic growth of 11%, resulting in improved market shares across the region. This was mainly driven by the launch of Signia IX, which was a great success and a key growth driver. Growth was broad-based with the exception of France, where the market remained soft. Key growth contributors were Germany, the UK and some of the smaller markets. Despite the soft French market, we still saw modest growth.

APAC
APAC delivered strong organic growth of 9%. China was a key contributor, delivering strong top-line growth despite weak consumer sentiment. The fast-growing markets of Southeast Asia and India also delivered strong growth, while Japan contributed with solid growth. Growth in ANZ was weaker due to the loss of the government contract.

Financial review

Introduction
As announced on July 29, 2024, we have changed the useful lives for intangible assets related to "Customer Relationships" and "Core Technology and Intellectual Property" to be in line with medical device industry standards of 3-5 years. The change has resulted in an additional charge of approximately EUR 1.2 billion (originally stated as EUR 1.1 billion in the announcement) in the Group's consolidated financial statements for the full year 2023/24.

The review and resulting change in useful lives had no impact on Reported EBITDA and EBITDA guidance for the year, nor will it have any impact on future EBITDA results, current or future revenue streams or cash flows. However, as a result of the changes, we are reporting a one-time impact on the reported net result for the year, resulting in a significant net loss of EUR 1,197 million. The effect is further described below and on page 108 of the Financial Statements.

Profit or loss
Revenue
Sales in 2023/24 reached EUR 2,637 million (2022/23: EUR 2,465 million), representing organic growth of 10%, in line with the upward revised guidance of 7-10% (originally 6-10%). This was mainly driven by the launch of Signia IX at the end of the last financial year in the largest markets and subsequent launches during the year in the remaining markets. The launch of Widex SmartRIC also contributed to growth. The increase in sales was driven by significant volume growth as well as an increase in average selling prices (ASP), demonstrating a strong portfolio. Reported growth of 7% was impacted by a negative currency impact of 3 percentage points mainly due to the weakening of the US dollar, Japanese yen, Argentine peso and Turkish lira against the euro.

Revenue growth was broad-based across business units and regions. Wholesale growth was strongest in EMEA, with Germany, the UK and many of the smaller markets being the main contributors. We also saw very strong growth in China and other fast-growing markets in APAC. The strong growth was partially offset by France, which had a softer market growth. In the consumer-facing business, we continued to see strong growth in online, US retail and managed care in the US.

Gross profit and margin
During the year, we announced the accelerated amortization of certain intangible assets. After adjusting for these effects on gross profit of EUR 77 million, our gross profit was EUR 1,573 million with an adjusted gross margin of 59.7%. This is an improvement of 1.3 percentage points compared to last year, driven by strong revenue growth and operational efficiencies. Reported gross profit in 2023/24 reached EUR 1,496 million (2022/23: EUR 1,440 million) with a reported gross margin of 56.7% (2022/23: 58.4%).

Research and development expenses (R&D)
Our investment in R&D in 2023/24 amounted to EUR 183 million (2022/23: EUR 179 million), of which EUR 102 million was capitalized. The total R&D expenditure as a percentage of sales improved to 6.9% (2022/23: 7.3%) and was focused on advancing development projects and strengthening the future product portfolio in line with our strategy.

EURm	2023/24	2022/23
R&D expenses (P&L)	**218**	**114**
Depreciation & Amortization[1]	(137)	(47)
Capitalization	102	112
R&D expenditure incurred	**183**	**179**

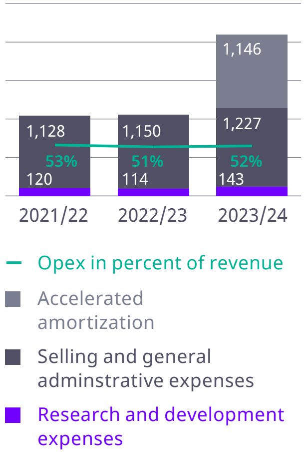
[1] Of which EUR 75 million is from accelerated amortization

Revenue EUR

2,637m

+7% Reported growth
+10% Organic growth

Opex in percent of revenue



EURm	2023/24	2022/23
Reported EBITDA	**521**	**480**
Special items	21	-
EBITDA before special items	**542**	**480**

Selling and general administrative expenses (SG&A)
Excluding accelerated amortization of EUR 1,071 million and exceptional items of EUR 21 million, SG&A expenses were EUR 1,206 million or 45.7% of sales, slightly lower than last year. The increase in expenses was driven by revenue growth and included launch costs for both Signia IX and Widex SmartRIC. Total reported selling and general administrative expenses increased to EUR 2,298 million in 2023/24 (2022/23: EUR 1,150 million).

Effects of special items
Special items cover one-time charges and income of a certain magnitude and are aligned with industry practice. The total special items in 2023/24 amounted to EUR 21 million due to costs related to the settlement of the management incentive program and the CEO/Chair transition.

EBITDA
Adjusted for EUR 21 million of costs related to the management incentive program and the CEO/Chair transition, EBITDA before special items was EUR 542 million (2022/23: EUR 480 million) and the EBITDA margin before special items increased to 20.6% in 2023/24 (2022/23:19.5%), in line with the guidance of a 1-2 points increase in the EBITDA margin. Reported EBITDA increased to EUR 521 million (2022/23: EUR 480 million) and the Reported EBITDA margin increased to 19.8% in 2023/24 (2022/23: 19.5%). Currency headwinds reduced Reported EBITDA growth by 0.7 percentage points.

Net financial expenses
In 2023/24, net financial expenses amounted to EUR 437 million (2022/23: EUR 156 million). The increase in financial expenses was mainly due to an increase in net interest expense, financing transaction costs, translation impact on loans and mark-to-market valuation on derivatives. Net interest expense increased from EUR 213 million in 2022/23 to EUR 313 million in 2023/24, driven by higher effective interest rates including interest rate hedges and leases. The Group incurred transaction costs of EUR 100 million (2022/23: EUR 21 million) as a result of transaction costs related to the April 2024 refinancing and the realization of amortized transaction costs related to the previous debt structure. Additionally financial expenses in 2022/23 were impacted by a significant currency adjustment of EUR 79 million related to USD term loan (USD depreciation) and mark-to-market valuation on derivatives of EUR 5 million. The similar impact was much lower in 2023/24 at EUR 7 million on currency adjustment and loss of EUR 28 million on mark-to-market valuation on derivatives.

Net result
The adjusted net loss in 2023/24 was EUR 211 million, strongly influenced by the one-off effect of EUR 1,223 million from the acceleration of the amortization of intangible assets, offset by EUR 258 million from the resulting tax effect and exceptional items of EUR 21 million. The net loss in 2023/24 was EUR 1,197 million (2022/23: EUR 5 million), negatively impacted by the increase in net financial expenses, offset by an increase in the underlying operating result.

Cash flow
Operating activities
Cash flow from operating activities in 2023/24 amounted to EUR 395 million (2022/23: EUR 459 million) as a result of higher EBITDA offset by higher tax payments and cash outflow from net working capital due to higher inventories and the phasing out of trade payables.

Investing activities
Cash flow from investing activities amounted to EUR 188 million (2022/23: EUR 218 million), mainly due to lower capitalized R&D expenses and a lower level of acquisitions.

Financing activities
Cash flow from financing activities amounted to EUR 216 million (2022/23: EUR 239 million) mainly due to the capital injection of EUR 500 million in connection with the refinancing offset by debt repayment and refinancing transaction costs.

Change in liquidity
Total liquidity (cash and available revolving credit facilities) amounted to EUR 313 million as of September 30, 2024 (2022/23: EUR 280 million). The increase in liquidity was due to the equity injection of EUR 500 million and incremental revolving credit facilities of EUR 90 million post refinancing, offset by debt repayments and cash outflows from net working capital.

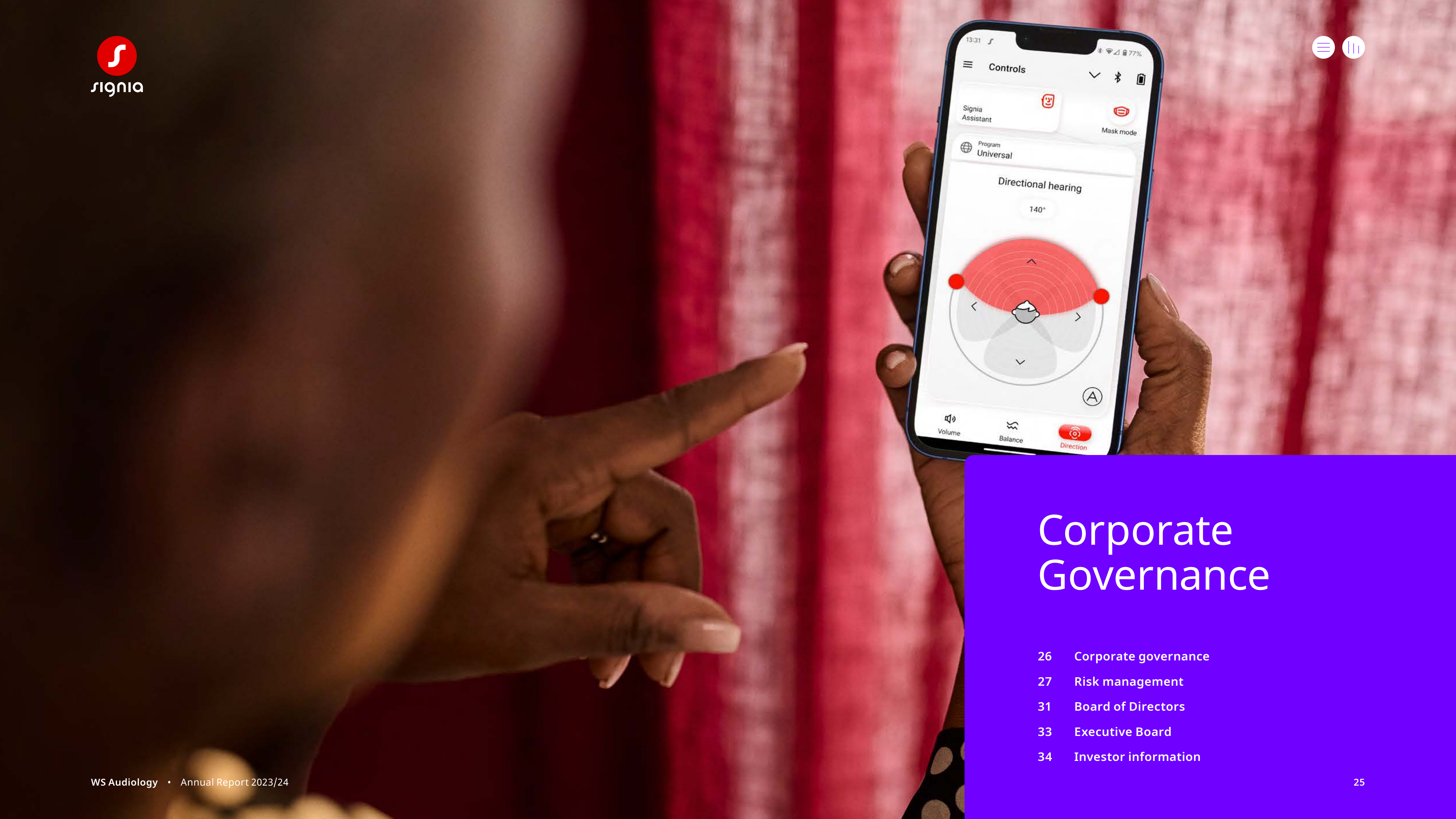
Balance sheet
Total assets
As of September 30, 2024, the Group's total assets amounted to EUR 5,288 million (2022/23: EUR 6,661 million). Current assets decreased to EUR 747 million (2022/23: EUR 799 million) mainly due to the decrease in cash and cash equivalents, higher accrued interest income and the fair value of derivatives maturing this year. Non-current assets decreased by EUR 1,321 million to EUR 4,541 million, mainly due to accelerated amortization of intangible assets.

Net working capital
Net working capital amounted to EUR 319 million (2022/23: EUR 258 million). As a percentage of sales, net working capital increased from 10.5% to 12.1% due to higher inventories and the phasing out of trade payables.

Net interest-bearing debt
Net interest-bearing debt (NIBD) decreased from EUR 3,610 million to EUR 3,308 million due to debt repayments in connection with the refinancing. The decrease in NIBD and higher realized EBITDA resulted in an improved leverage ratio (NIBD/EBITDA[2]) from 7.5 at the end of 2022/23 to 6.1 at the end of 2023/24.

Equity
As of September 30, 2024, total equity amounted to EUR 838 million (2022/23: EUR 1,594 million), of which EUR 28 million (2022/23: EUR 42 million) is attributable to non-controlling interests and EUR 810 million (2022/23: EUR 1,552 million) to the shareholders of WS Audiology A/S. Equity was positively impacted by the capital increase of EUR 500 million during the year, but this was more than offset by the net loss for the year due to accelerated amortization.

[2] For 2023/24 the EBITDA before special items is used for the leverage ratio.



Corporate Governance

26 Corporate governance
27 Risk management
31 Board of Directors
33 Executive Board
34 Investor information

Corporate governance

Management Structure
WSA has a two-tiered management structure consisting of the Board of Directors and the Executive Board. There is no overlap in the members.

The Board of Directors is appointed by the Company's shareholders and is responsible for the overall vision, strategy and objectives of the Company. The Board oversees the organization, day-to-day management and results of the Company.

The Board appoints and provides direction to the Executive Board, which consists of the Group CEO, the Group CFO and the President of Americas, who are responsible for the day-to-day management of WSA and the execution of its strategic direction.

Further, the Executive Committee is responsible for driving the strategic development and cultural alignment across the company for day-to-day business priorities. The Executive Committee consists of the Executive Board and six Senior Vice Presidents.

Board of Directors
The Board of Directors consists of eight members, all of whom are elected by the shareholders in accordance with the Articles of Association. Directors are elected on the basis of an overall assessment of their individual professional experience and competencies, as well as their contribution to ensuring an appropriate and diverse composition of the combined competencies of the Board.

The Board is responsible for the overall strategic direction of the Company and makes decisions regarding the Company's strategy, major investments and divestments, the capital base, key policies, control and audit matters, risk management and significant operational issues.

The Board monitors and oversees the progress of our sustainability strategy and the achievement of our sustainability targets. ESG and sustainability priorities are an integral part of the Board's decision-making process, and the Board receives an annual update on our sustainability goals and progress.

The Board reviews its composition and required competencies annually in connection with the annual performance review. The eight Board members represent five nationalities. The board aim to increase the percentage of women to 30% in 2028.

The competencies required of the Board currently include knowledge of the global hearing healthcare industry and technological innovation, international business and management experience, as well as strategy, M&A, risk management, IT, human resources, finance and accounting.

A description of each director, including their other executive positions, independence and how they contribute to the required competencies, is provided on the following pages.

Committee Structure
The Board of Directors has established two committees: a Remuneration and Nomination Committee. The Board of Directors is in process of establishing an Audit Committee that will be put effective in the new financial year.

Key Board Activities in financial year 2023/24

The Board held five regular Board meetings, one special update and one corporate talent review. Key activities included:

1. Change in Board appointments and Executive Directors
2. Approved the budget
3. Approved updated charters for the Remuneration Committee, Nomination Committee and upcoming Audit Committee
4. Reviewed and discussed industry developments and key trends
5. Discussed and approved R&D and IT roadmaps
6. Discussed and approved the business plans
7. Advised on cybersecurity approach
8. Advised on sustainability approach
9. Advised on ongoing transformation programs
10. Visited US offices

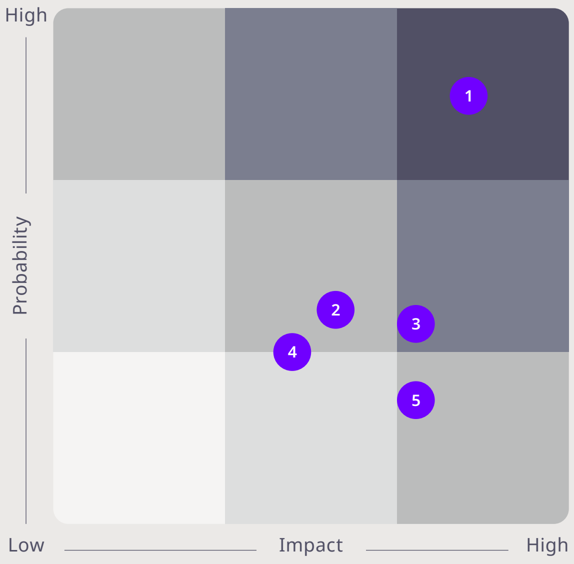
Risk management

At WSA, we understand that risk is a natural and integral part of driving business performance and operational activities that lead to long-term success.

Due to the evolving global landscape, our identified risks are subject to both short- and long-term changes. We continuously monitor these changes and work proactively to mitigate and reduce risks to an acceptable and tolerable level. Thus, WSA works with risk management to ensure that we optimize our business performance - while ensuring that risk and reward are balanced - so that decisions can be made on an informed basis. We have therefore gathered further knowledge on the identified risks and assessed their impact and likelihood. We have also defined additional key metrics to ensure a methodical and structured way of prioritizing mitigation activities to manage our identified risks. We assess risks holistically, recognizing that the triggering of a risk may affect many functional areas of the business and that the impact may be both short term and/or long term. Reputational damage is also included in the overall risk rating, although it is more complex to assess.

The Executive Committee is responsible for the ongoing identification and management of risks, as well as the review and design of related processes and activities. The oversight responsibility for risk management rests with the Board of Directors and is considered part of our strategic, budgetary and annual planning cycle.

Day-to-day risk management in local markets is the responsibility of regional and local management teams. As part of their day-to-day responsibility for the businesses, they manage and report any material changes through a bottom-up process of reporting local risks to the Executive Committee as part of the monthly performance updates.



1 Geopolitical instabilities and risks
2 Cyber & IT Security Risks
3 Financial Market Risk
4 Product Innovation Risks
5 Compliance & Regulatory Risks

Internal Control System and Reporting
To ensure the continued high quality and compliance of the financial reporting systems, the Board of Directors and the Executive Committee have adopted financial reporting and internal control policies, procedures and guidelines to be followed by the subsidiaries and reporting units. The internal controls are developed using best practices based on COSO and other relevant standards and are tailored to our specific business needs. Policies and procedures are reviewed and updated on a regular basis to optimize our control environment. While we track several risks related to our financial reporting, the key risks, together with the approach to mitigating them, are recorded in separate tools and registers.

The Risk Management process at WSA Group is illustrated below

Our key risks and relevant mitigating efforts are described in more detail below.

1

Geopolitical Instabilities and Risks

The global nature of our business exposes us to various geopolitical risks that may affect our operations.

Political instability, such as changes in government and related sanctions, could create risks, such as those associated with sudden regulatory changes, that could affect our operations.

Economic sanctions against certain countries may limit our market access and disrupt established business relationships.

Our reliance on international suppliers for components presents another, more inherent risk, as disruptions due to political conflicts, natural disasters or pandemics could adversely affect our supply chain, delay product development and new product launches, challenge our access to critical resources and limit market access.

An unanticipated decrease in demand, either overall or for specific products, or a disruption in the supply of hearing instrument components due to factors such as geopolitical instability or quality issues could affect product availability, ultimately impacting customer access to essential hearing solutions and representing a lost business opportunity. The resulting product shortages in hearing aids could have a serious impact on our end users, potentially limiting their access to hearing care. This could also jeopardize WSA's reputation. In short, these issues could adversely affect our sales, profits and market position.

Changes in healthcare policies, insurance coverage and reimbursement rates in certain countries could affect the affordability and accessibility of hearing care, resulting in a risk of reduced demand for hearing aids.

Mitigating actions

We have implemented continuous risk monitoring and scenario planning of the Key Risk Indicators (KRIs). We also continue to build on our strong strategic global and local relationships. We proactively plan and manage the supply chain in light of these risks to ensure seamless product availability. In addition, we reduce overall risk by having interoperable global manufacturing sites and by maintaining safety stock levels to mitigate any short-term supply risks.

2

Cyber & IT Security Risks

The cyber and IT security risk landscape is complex and multifaceted, and compliance with varying cybersecurity regulations in different countries adds to operational complexity.

Ransomware attacks can halt our production lines, disrupt supply chains and disrupt day-to-day operations. We risk significant costs associated with system recovery and potential fines from data protection authorities as we handle sensitive personal data, including medical records such as hearing profiles. Downtime in business operations will lead to loss of revenue and customer satisfaction.

Breaches can therefore result in significant financial and reputational damage. WSA's proprietary technology and product designs are valuable targets for industrial espionage.

In addition, we are the target of employee phishing campaigns that can lead to credential theft and unauthorized access to our critical systems, as well as executive impersonation, with spear-phishing attacks targeting executives that can result in significant financial loss and loss of sensitive information.

Mitigating actions

We continuously improve our cybersecurity resilience through employee training, stress testing, and the implementation of technical and strict access control mechanisms to limit data and system access based on job roles. We continually improve and test our procedures related to enhanced recovery capabilities and contingency planning, including robust incident response plans to quickly identify, contain and mitigate cyber incidents, including frameworks to ensure backup systems and data recovery processes are in place to quickly restore normal operations following an attack.

3

Financial Market Risk

In the volatile macroeconomic environment in which we operate, we are exposed to various financial market risks. We are exposed to interest rate fluctuations as our loan portfolio is based on floating interest rates. The effects of high inflation and currency fluctuations resulting from our international operations could also affect our business performance.

We have issued long-term senior secured loans and PIK notes. In addition to the interest rate risk discussed above, we are exposed to refinancing risk as these loans mature.

We are also exposed to foreign exchange risk as approximately 2/3 of our sales are denominated in currencies other than our reporting currency, the Euro. Our main currency exposures are USD, SGD and JPY.

Fluctuations in interest rates and foreign exchange rates can have a significant impact on our earnings, cash flow and liquidity if left unhedged, which could ultimately result in insolvency risk due to an inability to refinance our loans prior to maturity.

Mitigating actions

We continually monitor these risks to mitigate the impact of rising interest rates. Effective treasury policies have been implemented to assess, monitor and mitigate our financial market risks. A significant portion of our interest rate risk is hedged by swapping floating rates into fixed rates. We also hedge a significant portion of our rolling 12-month net foreign currency exposure. Detailed information is provided in Note 4.2 to the Consolidated Financial Statements.

4

Product Innovation Risks

The hearing aid market is highly competitive with few, but significant, competitors. Competitors may introduce similar or superior products, reducing our competitive advantage.

In an increasingly competitive product and feature landscape, following market trends becomes more important. Misjudging market needs and customer and consumer preferences could result in the risk of developing products that do not meet customer expectations or market trends.

The rapid pace of technological advancement in audiology, including digital signal processing, wireless connectivity and battery life, may render current R&D projects obsolete before they are launched, so we must continually innovate to stay ahead of the competition and secure our global position.

The development of cutting-edge technologies requires significant investments in research and development (R&D) and can have long lead times. As a result, we risk missing market opportunities due to R&D failures or delays.

Protection of intellectual property is critical to maintaining a competitive edge. However, IP disputes or infringements can pose significant risks to us.

Mitigating actions

We continuously monitor emerging technologies, industry trends and competitive activities, and conduct market research in close collaboration between R&D and Sales & Marketing. We collaborate and partner with academic institutions, technology leaders and start-ups, and test product concepts with customers and consumers. Finally, we protect our intellectual property through patents and trademarks.

5

Compliance & Regulatory Risks

Our products are subject to stringent global regulatory and approval processes. Regulatory standards and requirements for medical devices can vary widely by region and change over time, requiring compliance with multiple regulatory frameworks that can be costly and complex to maintain.

In addition to fines for non-compliance and exposure to patent litigation in multiple jurisdictions, key risks include the commercial risk of loss of customers, potential breach of existing contracts and reputational damage.

As part of our global business, we interact with a wide range of customers, such as government officials (e.g., public healthcare professionals). Such interactions are strictly regulated by laws such as the U.S. Foreign Corrupt Practices Act (FCPA), the UK Bribery Act and similar laws in other countries to prevent bribery and corruption in international business.

Stringent data privacy regulations, such as GDPR in Europe and HIPAA in the U.S., require robust data protection measures. Ensuring the protection of personal data, obtaining appropriate consent, and handling data breaches appropriately are essential to avoid significant fines and reputational damage.

The hearing aid industry is subject to stringent regulatory requirements to ensure the safety and efficacy of devices. In the United States, the Food and Drug Administration (FDA) regulates hearing aids under the Federal Food, Drug, and Cosmetic Act, this includes both prescription hearing aids and over-the-counter (OTC) hearing aids. In the European Union, hearing aids must comply with the Medical Device Regulation (MDR), which replaced the Medical Devices Directive (MDD). The MDR standardizes regulations across EU member states, ensuring that all medical devices, including hearing aids, meet high safety and performance standards. These regulations are crucial for maintaining consumer trust and ensuring that hearing aids provide the intended benefits without compromising user safety.

Mitigating actions

We have developed robust internal compliance programs that include regular audits, employee training and a clear code of conduct, as well as a global policy on gifts and entertainment. We have also implemented a robust legal and regulatory monitoring process for changes in relevant laws and regulations to ensure timely updates to all relevant compliance practices. In addition, employees receive regular training on legal issues and risk management, and we regularly monitor and assess potential legal risks to identify early signs of potential disputes. Our company remains committed to adhering to these regulations and continuously improving our products to meet and exceed these standards.

Board of Directors

Chair

Lars Rasmussen

Danish

Independent

Born 1959. Lars Rasmussen has extensive executive management and board experience from international listed companies in the med-tech and pharmaceutical industries. He has a strong background in innovation commercialization, B2B and B2C sales models and efficiency improvements.

Other board and management positions

- H. Lundbeck A/S: Chair of the Board, Chair of the Remuneration and Nomination Committee and member of the Audit Committee
- Coloplast; Chair of the Board, Chair of the Remuneration and Nomination Committee and member of the Audit Committee
- MabTech: Chair
- Gyldendal A/S: Board member
- Danish Committee of Corporate Governance: Chair
- Danish Life Science Council: Chair
- University of Copenhagen: Board member

Lars Rasmussen holds a Bachelor of Science degree in Engineering from Aalborg University and an Executive MBA from SIMI.

Member since 2024

Vice-chair of the board

Adam Westermann

Danish

Non-independent

Born 1985. Adam Westermann is a co-owner of WS Audiology and an experienced leader within med-tech, from various roles in Widex and WS Audiology, currently serving as Vice President Global Innovation in R&D at WS Audiology.
He has in-depth knowledge of the industry and R&D.

Other board and management positions

- Board member of T&W Medical (the main investment vehicle of the Tøpholm and Westermann families and the majority shareholder in WS Audiology via CN8 A/S)

Adam Westermann holds a M.Sc. in Electrical and Electronics Engineering from DTU and a PhD from National Acoustics Laboratories in Sydney, Australia.

Member since 2021

Anthony Santospirito

Australian

Non-Independent

Born 1984. Anthony Santospirito is a partner in EQT's private equity business. He is an experienced corporate finance executive.

Other board and management positions

- Dechra Pharmaceuticals: member of the board and member of the audit and remuneration committees

Anthony Santospirito holds a BA in Mathematics from Oxford University.

Member since 2023

Jes Munk Hansen

Danish and American

Independent

Born 1968. Jes Munk Hansen has extensive executive management experience serving as CEO and board member in international technology companies. He has deep knowledge and understanding of the US markets, business development and commercialization, sales models, and business integration, including M&A.

Other board and management positions

- Rockwool; CEO and President
- The Confederation of Danish Industry (DI), Vice Chair

Jes Munk Hansen holds a M.Sc. in Forestry from Copenhagen University and an MBA from London Business School.

Member since 2019

Board of Directors (continued)

Karen Prange

American and Canadian
Independent

Born 1964. Karen Prange has more than 30 years of healthcare experience with Fortune 50 and Fortune 500 companies, including business growth through strategic change and realignment, revenue growth, market development, innovative portfolio strategy, M&A, and global product commercialization. In addition to C-suite leadership, she has worked with incubating new startup businesses through identification of emerging trends and unmet needs.

Other board and management positions
- Embecta (EMBC): Board member
- Nevro (NVRO): Board member
- Atricure (ATRC): Board member
- Joe DiMaggio Children's Hospital and Memorial Hospital Foundation: Board member

Karen Prange holds a B.S. in Business Administration with honors from the University of Florida and has completed executive education courses at the UCLA Anderson School of Business.

Member since 2020

Arne Due-Hansen

Danish
Non-independent

Born 1962. Arne Due-Hansen is Head of Strategic Ownerships at the Lundbeck Foundation, a minority shareholder in WS Audiology via CN8 A/S. Arne has extensive experience in finance and investments, M&A and ECM from many years in the financial sector, serving as Head of Corporate Finance and Senior Advisor

Other board and management positions
- Ellab A/S: Board member
- Ferrosan Medical Devices A/S: Board member
- Obel-Lfi Ejendomme A/S: Vice Chair of the Board
- Cresco Capital Services A/S: Chair of the Board

Arne Due-Hansen holds a Master in Accounting and Finance from Copenhagen Business School

Member since 2024

Kristiaan Nieuwenburg

Dutch and British
Non-independent

Born 1970. Kristiaan Nieuwenburg is a partner and Head of Performance for Private Capital at EQT. He has extensive experience in corporate strategy and performance improvement projects from a board perspective as well as M&A.

Other board and management positions
- EQT: Chair of the Private Equity Portfolio Review Committee, Chair of the EQT Foundation Investment Committee, member of the Equity Partners Investment Committee
- Azelis NV, Board member

Kristiaan Nieuwenburg holds a M.Sc. in Chemical Engineering from Delft University of Technology and an MBA from Harvard Business School.

Member since 2023

Julian Tøpholm

Danish
Non-Independent

Born 1975. Julian Tøpholm is a senior advisor at T&W Medical and a co-owner of WS Audiology. He has previously held senior positions at Widex A/S. Julian has in-depth knowledge and understanding of product development and innovation in hearing aid development and manufacturing.

Other board and management positions
- Board member of T&W Medical (the main investment vehicle of the Tøpholm and Westermann families and the majority shareholder in WS Audiology)

Julian Tøpholm holds a M.Sc. in Engineering from Danish Technical University (DTU).

Member since 2019

Executive Board

Group CEO
Jan Makela
Irish

With WS Audiology since July 2024

Educational background
- Master of engineering, Cambridge University

Group CFO
Marianne Wiinholt
Norwegian

With WS Audiology since 2022

Educational background
- State Authorized Public accountant
- Cand. Merc Aud, Copenhagen Business School

Other board and management positions
- Coloplast: Board member and Chair of the Audit Committee
- Norsk Hydro: Board member and Chair of the Audit Committee

President Region Americas
Carsten Buhl
Danish

With WS Audiology since 2019

Educational background
- Cand Jur, University of Copenhagen
- HD (BA) Finance, Copenhagen Business School
- HD (BA) Accounting, Copenhagen Business School

Executive Committee

Read CVs at WSA.com

Jan Christian Makela
Group CEO (Irish)

Marianne Wiinholt
Group CFO (Norwegian)

Carsten Buhl
President Region Americas (Danish)

Maarten Barmentlo
Chief Marketing Officer (Dutch)

Karl Braitberg
Chief Operating Officer (American)

Joerg Brandscheid
Chief Technology Officer (German)

Olivier Chupin
President Region APAC (French)

Nicolai Jensen
Chief HR Officer (Danish)

Annemarie van Neck
President Region EMEA (Dutch)

Investor information

Ownership Structure
WSA is privately owned by CN8 A/S – the jointly owned investment company of T&W Medical A/S and Lundbeckfond Invest A/S and funds managed by EQT. The owners have extensive knowledge of the healthcare industry and technology, as well as experience in building global market leaders with significant value creation opportunities.

In the financial year 2023/24, WS Audiology A/S share capital was increased from EUR 100,000,200 by EUR 11,269,805 to EUR 111,270,005 by cash payment of EUR 500,000,000. The new shares had a nominal value of EUR 1 and the subscription price was EUR 4,436.63 (rounded) of nominally EUR 100 equivalent to a price of EUR 44.3663 (rounded) per share of nominally EUR 1.

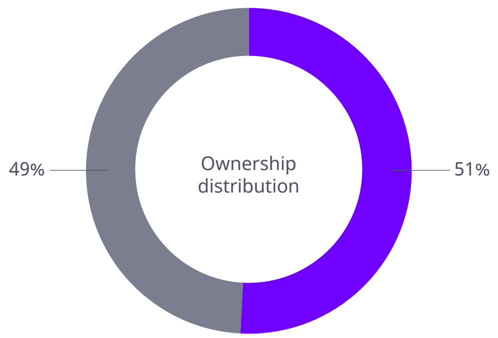
After the capital increase, WS Audiology's share capital is divided into 111,270,005 shares with equal voting rights and dividend rights.

Debt and Ratings
WSA has issued senior secured loans and PIK notes from its holding companies Auris Luxembourg III S.A. and North Harbour Midco S.a.r.l. respectively. The loan structure is the result of a refinancing carried out during the year, which extended the maturity of the long-term loans by 3 years to 2029. The Group carries out quarterly lender reporting and calls. The holding company Auris Luxembourg II is rated by Fitch, S&P and Moody's.

Annual General Meeting and Dividends
The Board of Directors will not propose the payment of dividends at the Annual General Meeting.

Investor Relations
WSA is committed to maintaining a high level of transparency and stability in our communication of information deemed relevant to enable debt investors and rating agencies to assess its business and financial performance and risks.

Our management and investor relations team maintain an active dialogue with debt investors and rating agencies through quarterly conference calls, participation in seminars and investor meetings



Current ratings (as of September 2024)

Company	Fitch	S&P	Moody's
Auris Luxembourg II SA (Corporate Family/Issuer)	B Stable Outlook	B- Positive Outlook	B3 Stable Outlook

Financial Calendar

06 February 2025	Q1 interim results presentation 2024/25
08 May 2025	Q2 interim results presentation 2024/25
26 August 2025	Q3 interim results presentation 2024/25
20 November 2025	Annual results presentation 2024/25

Investor Relations contact
Henning Klemmensen
Head of Group Treasury, Insurance & Investor Relations

Tel. +45 44 35 56 00
investor.relations@wsa.com

Sustainability Statements

37 General Information

47 Environment

66 Social

85 Governance

90 Appendix

Contents

General Information

37 Basis for Preparation
38 Our Sustainability Approach
39 Sustainability Governance
40 Material Topics
41 Our Stakeholders
42 Our Sustainability Value Chain
46 Our Policies

Environment

47 Climate Change
56 Pollution
58 Resource Use and Circular Economy

Social

66 Own Workforce
77 Workers in the Value Chain
79 Consumers and End-users
82 Awareness, Affordability, Accessibility

Governance

85 Business Conduct

Appendix

91 Global Reporting Initiative Disclosures (GRI)
96 International Financial Reporting Standards (IFRS)
97 Taskforce on Climate change Financial Disclosures (TCFD)

Danish Financial Statement Act

Our sustainability statements fulfill the reporting requirements regarding overall sustainability performance and specific initiatives aimed at increasing diversity in management, as outlined in sections 99a, 99b, and 99d of the Danish Financial Statements Act. For more information, refer to page 37 of this report.

General Information

Basis for Preparation

The Sustainability Statements on pages 35-97 cover WSA's reporting on environmental, social, and governance (ESG) topics.

The Sustainability Statements also include the required statutory report on Corporate Social Responsibility (CSR) according to Section 99a of the Danish Financial Statements Act. For further details, we refer to page 16 for our business model, pages 47-55 for climate-related matters, pages 66-84 for social and employee matters, pages 68-69 and 78 for human rights matters, and pages 86-89 on anti-corruption. We refer to page 46 for our policies, and pages 47-65 for ESG performance and accounting policies.

In accordance with section 99b, statement on share of underrepresented gender in senior management bodies as well as policies, activities, and performance, can be found on page 67. In addition, the statutory report required under Section 99d, which focuses on data ethics, is available on page 86.

Our climate-related risks and opportunities in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) are elaborated in the section on Climate Change on pages 44, 48 and 97. All GHG data (Scope 1-3) are reported in accordance with the Greenhouse Gas Protocol.

In addition, the Sustainability Statements have been prepared in accordance with the Global Reporting Initiative Standards (GRI), the principles of United Nations Global Compact (UNGC), and the ISSB requirements.

The data presented in the following statements represent our global operations, except for waste and health and safety data, which relate to our manufacturing sites. Waste data cover Denmark, Singapore, China, Poland, Mexico, and the Philippines. Health and safety data cover Denmark, Singapore, China, Poland, and Mexico.

Where data restatement is required, we clearly indicate this in the relevant E, S and G sections.

The Sustainability Statements are approved by the Board of Directors.

Preparing for the Corporate Sustainability Reporting Directive (CSRD)
As a privately held company, WSA is preparing to meet the requirements of the EU CSRD and related European Sustainability Reporting Standards (ESRS) in 2026, with early adoption in reporting for the FY2024/25. Although reporting for the current year is not yet fully in line with the requirements of the CSRD and ESRS, our Annual Report FY2023/24 has provided us with the opportunity to strengthen our performance tracking and reporting capabilities across our material sustainability areas, in order to meet increasing sustainability reporting requirements.

This effort was supported by cross-functional collaboration to become CSRD ready. The sustainability team has been integrated into WSA's finance organization under the leadership of the CFO. Going forward, responsibility for ESG accounting and reporting rests with the finance organization to ensure that our ESG accounting, controlling, and reporting are aligned.

We believe that this reporting structure enables us to comply with the new EU CSRD and the underlying reporting standards from the FY2024/25.

In preparation for the CSRD, we took the following actions this fiscal year:

- Assigned owners for each ESRS to assess maturity and identify gaps.
- Developed reporting manual for reportable metrics.
- Strengthened internal controls to support assurance of our reporting, leveraging our financial reporting capabilities.
- Implemented an IT platform for data collection to improve sustainability disclosure and reporting, and initiated training for key stakeholders on its use.
- Engaged with peer companies to address common challenges in preparing for the CSRD.

Our Sustainability **Approach**

At WSA, our sustainability agenda is embodied in our purpose – to deliver Wonderful Sound for All and improve people's health, well-being, and quality of life. It is integrated with our strategic ambition to become a true leader by transforming lives across all markets, channels, and price points. Our purpose guides our decisions, unifies our people and drives our innovation and efforts to be a sustainable company that protects the planet for future generations.

WSA provides innovative hearing aids and solutions for the benefit of millions of people. Increasing awareness, expanding access, and tackling affordability are central to our purpose and strategic ambitions. We have set long-term goals around these priorities, demonstrating our commitment to making a positive difference in the lives of our customers and communities.

At WSA, we also recognize our role in raising the standards of responsible business. We are aware of the current and likely impact (risks) we have and may have on the environment and people and recognize our responsibility to prevent and mitigate them. We also understand the opportunities we have to create more value for all our affected stakeholders.

That is why protecting the planet and building a Wonderful Place to Work are fundamental pillars of our purpose and strategic ambition. We work towards clear targets around better employee engagement scores, gender diversity, decarbonization, waste reduction, supplier due diligence and business conduct.

We firmly believe that true sustainability integrates ESG factors, drives long-term growth and leaves meaningful and lasting impacts on society and the environment.

Learn more about our purpose, strategic ambition and goals on pgs 14-15

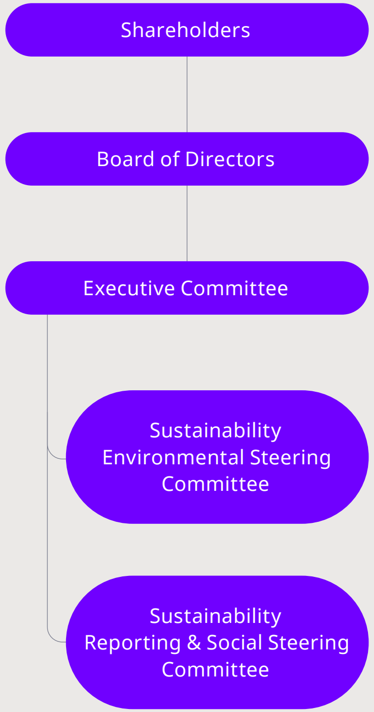
Learn more about our impacts, risks and opportunities on pgs 42-45

Sustainability **Governance**

The Board of Directors (BoD) bears the ultimate responsibility for sustainability within the company. The Sustainability Environmental Steering Committee and the Sustainability Reporting & Social Steering Committee, which convene on a quarterly basis, report directly to the Executive Committee (EXCO). These Steering Committees make operational decisions and provide guidance on addressing the impacts, risks and opportunities related to climate change, circular economy, human rights, diversity & inclusion, governance issues, and compliance with regulatory requirements. The Environmental Steering Committee is chaired by the Regional President EMEA and includes the Chief Operating Officer (COO), Chief Technology Officer (CTO), and VP of Solution Management. The Sustainability Reporting & Social Steering Committee is chaired by the Chief Financial Officer (CFO) and includes the Chief Human Resources Officer (CHRO), Regional President APAC, and VP of Corporate Communications.

The Sustainability Team is responsible for developing and implementing WSA's sustainability strategy, ensuring collaboration with the necessary internal and external stakeholders.

Remuneration
We design the remuneration of our senior management to motivate sustained growth and align with the long-term performance of the Group. The compensation package includes components linked to annual performance targets, encompassing material risks and sustainability outcomes. For our broader employee base, we link sustainability performance directly to Short-term Incentives (STI) through a set of Key Performance Indicators (KPIs). These KPIs focus on our most material sustainability topics, such as increasing the use of renewable electricity, reducing waste, and improving the accessibility of hearing aids. This structure ensures that all employees are incentivized to contribute to our sustainability goals, reinforcing our commitment to integrate sustainable practices at all levels of the organization.



WSA participates in several sustainability indices including the S&P Corporate Sustainability Assessment and Sustainalytics.

LEARN MORE ABOUT OUR ESG RATINGS ON OUR WEBSITE →

WSA fully supports the UN Global Compact Principles, the UN initiative to promote ethical business practices. The Sustainability Statements in this report constitute WSA's communication on progress to the United Nations Global Compact. As a participant, we are committed to observing the global compact's 10 fundamental principles in the areas of human rights, labor standards, environmental protection and anti-corruption. These principles guide our efforts to ensure that we operate responsibly and sustainably and make a positive contribution to society and the environment while maintaining the highest ethical standards.

WE SUPPORT

Material **Topics**

The concept of dual materiality requires a comprehensive approach to defining, acting on and reporting on topics where WSA has a material impact on the environment and society, as well as issues that present significant risks or opportunities for our business.

In 2023, we conducted our second double materiality assessment (DMA) in three phases to identify our material topics:

- Identification and consolidation.
- Prioritization from impact materiality and financial materiality perspectives.
- Concluding and finalizing material topics.

The DMA process entailed identifying and assessing the material impacts that WSA has on people and the environment (known as impact materiality) and the material risks and opportunities that various ESG topics present to our business (known as financial materiality). These material impacts, risks and opportunities were organized into 14 material topics, which were then subsequently consolidated into eight overarching areas.

We intend to refine our DMA methodology and assessment in 2025, considering the insights gained from our initial assessment and the final and published ESRS, including implementation guides issued by EFRAG. We look forward to incorporating the results of this refinement into our future CSRD-compliant reports. WSA will continue to monitor, manage and report on issues that are material to us.

Grouping 14 material topics into eight overarching areas

Material topics resulting from 2023 DMA	Grouping our material topics	Page
Climate change	Climate change	47-55
Product safety; Innovation, production, design, and research	Pollution	56-57
Waste management; Circular economy and clean production	Resource use and circular economy	58-65
Employee experience; Diversity, equality, inclusion, and culture	Own workforce	66-76
Supplier due diligence	Workers in the value chain	77-78
Product safety; Customer satisfaction	Consumers and end-users	79-81
Awareness; Affordability; Accessibility	Awareness, Accessibility and Affordability	82-84
Business ethics and governance; Cybersecurity and data privacy	Business conduct	85-89

Our Stakeholders

Engaging with WSA's stakeholders is critical to understanding their expectations, the importance of various issues, and how WSA impacts them. We engage with our stakeholders on a regular basis. These relationships are critical to our business and enable us to grow in an inclusive and resilient way. WSA is committed to ethical and transparent practices that seek shared understanding and integrity in all decisions.

During the DMA process, we conducted online and face-to-face interviews with employees, customers, suppliers, owners and investors and the management team, through which we mapped our material topics from impact and financial materiality perspectives.

The materiality exercise highlighted the key topics of concern to our stakeholders. We continue to monitor topics that are not defined as material but may become more important in the future.

	Employees	Suppliers	Consumers/End-users	Customers	Investors/Owners
Importance to WSA	Employees are our most valuable asset. We focus our efforts on shaping the workplace culture, updating policy, and supporting individual development initiatives through their perceptions, experiences, and contributions.	We build transparent and ethical relationships with our suppliers, acknowledging their critical role in creating a resilient and collaborative supply chain ecosystem based on mutual dependence and shared values.	We are committed to bringing 'Wonderful Sound for All'. Our efforts to help millions of people regain and enjoy the miracle of hearing by designing and manufacturing innovative hearing devices and solutions shape everything we do.	We cultivate strong relationships with our customers and ensure our products are safe to use, reliable and meet their expectations. We work closely with our customers to improve our offerings and our customer-centric approach to our operations.	We understand that investor trust and confidence is key to our business success. Their support provides the financial stability and strategic guidance necessary for our continued growth and innovation.
How we engage our stakeholders	• Surveys and workplace assessments • Diversity, Equity and Inclusion Council and Network • Continuous performance discussions • Strategic internal communication through corporate intranet and town hall meetings • Health and safety trainings and initiatives • Materiality assessment • Social media	• Supplier due diligence • Dialogues on ESG performance	• Social media • Brand websites • Email communication • Digital advertising • Customer surveys and feedback forms • Customer service • Community events • Focus groups	• Customer support and guidance • Launch events • Training events • Periodic reviews • Business partner due diligence • Materiality assessment • Company visits • Dialogue sessions	• ESG ratings • Investor calls, questionnaires, and emails • Periodic investor updates • Materiality assessment • Direct dialogues • Board meetings
Topics of concern	• Employee well-being • Employee development • Customer satisfaction • Product safety	• Product safety • Supply chain and due diligence	• Innovation, product design and research • Climate action • Circular economy and clean production • Human rights & labor rights • Product safety • Supply chain and due diligence		• Sustainability and corporate governance • Diversity, Equity and Inclusion • Climate action • Employee engagement • Awareness, affordability, and accessibility

Our Sustainability **Value Chain**

Positive Impacts:

- A Awareness, Accessibility and Affordability
- B Local jobs and educational opportunities

Negative Impacts:

- C Use of virgin materials
- D Use of very high-concern substances

Opportunities:

- E Circular business model

Sustainability-related Risks

- F Climate-related transition and physical risks
- G Environment-related regulatory changes
- H Increased competition for and depletion of finite resources
- I Human rights violations in our operations
- J Human rights violations in our supply chain
- K Product quality and safety issues
- L Non-compliance with business conduct rules and regulations

Our second DMA provided a picture of where in our value chain our positive and negative impacts (I), sustainability-related risks (R) and opportunities (O) are located. These IROs are reflected along our value chain as sound waves - the higher the amplitude, the greater the impact, risk or opportunity.

*Learn more about our downstream activities in our Business Model on pg 16

Impacts and Opportunities

Positive Impacts

A **Awareness, Accessibility and Affordability (AAA)**	We focus on increasing public awareness about hearing health through educational campaigns and community outreach. We strive to make our hearing aids accessible to all by expanding distribution channels and partnering with healthcare providers. By offering affordable pricing and financial assistance programs, we ensure that everyone can benefit from our innovative hearing solutions, thereby helping all people with hearing loss better participate in life. Time horizon: This impact is current, and we expect it to continue into the future.
B **Local jobs and educational opportunities**	WSA generates employment and promotes learning programs in the communities we operate. We actively invest in local talent by providing vocational training, internships, and apprenticeship programs, which equip individuals with valuable skills and knowledge. Our focus on continuous learning and development not only enhances employee growth but also strengthens the local economy. Time horizon: This impact is current, and we expect it to continue into the future.

Negative Impacts

C **Use of virgin materials**	The use of virgin materials in the manufacturing process of our hearing aids can lead to environmental degradation, including resource depletion, and increased carbon footprint. The extraction and processing of these materials often result in harmful emissions and creation of waste. To mitigate these impacts, WSA is committed to exploring sustainable alternatives, maximizing material reuse, and incorporating recycled components into our products wherever possible. Time horizon: This impact is current, and we expect it to decrease in the future.
D **Use of very high-concern substances**	The use of substances of very high concern poses health and environmental risks. These chemicals can cause long-term contamination of ecosystems and pose immediate risks to human health. We have a dedicated team who scopes these impacts and takes appropriate action to manage the substances of very high concern according to legislations. Time horizon: This impact is current, and we expect to continue into the future.

Opportunities

E **Circular business model**	A circular business model is about reusing, repairing, and recycling resources to minimize waste and environmental impact. Embracing this model allows WSA to improve cost efficiency and drive innovation. We can reduce raw material costs and foster new design and manufacturing techniques. This approach also strengthens customer relationships through take-back programs, ensuring long-term value and demonstrating our commitment to sustainability. We will continue this path to create a resilient, future-proof business.

Risks

Risk management is key to achieving the desired level of resilience to support the execution of our strategy and future-proof our business. We actively manage our risks to deliver on our strategic objectives and ensure sustainable growth.

F

Climate-related Transition & Physical Risks

Transition Risk: Costs to transition to lower-emissions technology

Investment in research and development (R&D) is essential to innovate and develop lower-emissions technologies. Additionally, there will be expenses involved in adopting and deploying new practices and processes. An increasing number of regulations are being enforced, requiring WSA to increase R&D expenditures to ensure compliance. In certain cases, WSA is mandated to redesign existing products, which demands further R&D investment.

Mitigating actions

WSA has integrated sustainability into the product design process, aiming to support the circular economy and reduce the overall GHG emissions of our products. Furthermore, WSA is closely monitoring upcoming regulations to ensure preparedness and compliance.

Transition Risk: Changing customer behavior

As awareness of climate change grows, customer and consumer preferences are shifting towards low-carbon products and solutions. WSA's B2B customers, especially through public tenders, increasingly require the company to offer low-carbon solutions to help reduce their scope 3 emissions and meet their decarbonization targets.

Mitigating actions

WSA has established science-based decarbonization targets, which have been validated by the Science Based Targets initiative (SBTi). As part of this commitment, WSA has successfully reduced our emissions from a 2020 base year, primarily through the transition to renewable energy. In addition, WSA actively engages with its suppliers to lower scope 3 emissions and develop innovative low-carbon solutions. To further support its customers, WSA provides high-quality emissions data based on comprehensive life cycle assessments of its products.

Physical Risk: Increased severity of extreme weather events

Extreme weather events, such as heat waves, heavy precipitation, flooding, storm surges, rising sea levels, hurricanes, water scarcity, droughts, landslides, and wildfires, have the potential to disrupt WSA's business operations, including production facilities, retail stores, and offices.

Mitigating actions

WSA maintains insurance coverage for damage caused by extreme weather in high-risk areas and continuously monitors the increasing physical risks in various regions.

G

Environment-related Regulatory Changes

We operate in a highly regulated healthcare technology industry and our products and services, including parts and materials from suppliers, are subject to regulations such as Restriction of Hazardous Substances (RoHS), and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). It is expected that new regulations will apply, given the focus on reducing the impact on our environment. Failure to comply with environmental laws and regulations can result in fines and reputational damage. Establishing processes and resources will increase overall costs.

Mitigating actions

WSA is committed to developing new processes in a way that aligns with applicable environmental regulations. Our dedicated teams in R&D, Quality, and Sustainability are responsible for implementing and monitoring evolving regulatory changes. Their focus includes continuous monitoring and compliance to ensure adherence to the latest standards, sustainable design, and innovation to drive eco-friendly advancements, managing supplier relationships, employee training and awareness programs to keep our workforce informed, and conducting life cycle analyses to assess and minimize environmental impacts throughout our processes.

Risks – continued

H

Increased Competition for and Depletion of Finite Resources

As global demand for raw materials continues to rise, the availability of essential resources relevant to our product, including precious metals, fossil fuels, lithium, and silicon, is declining. This scarcity can lead to increased raw material costs, supply chain disruptions, and the necessity for WSA to develop innovative materials and sustainable practices.

Mitigating actions

As we transition from a linear to a circular business model, we are focused on optimizing resource use, reducing manufacturing waste, and incorporating recycled materials into our products and packaging. In line with our commitment to a circular economy, we have joined the Ellen MacArthur Foundation's Network and initiated a research collaboration with the Singapore University of Technology and Design.

I

Human Rights Violations in our Operations

Despite our best efforts, human rights violations may occur in our operations, with higher risks in certain countries. These may include excessive working hours, discrimination, and unsafe working environments. If not managed effectively, they could result in legal liabilities, reputational damage, and operational disruptions.

Mitigating actions

Audit-trained environmental, health and safety (EH&S) officers stationed at our manufacturing sites address human rights considerations alongside EHS Standards, integrating human rights within the core framework of our annual internal audit process.

J

Human Rights Violations in our Supply Chain

As the company grows, our supplier network also expands. Some suppliers operate in countries with high risks of human rights violation, such as excessive working hours and unsafe working conditions. This increases the complexity of monitoring and ensuring compliance with ethical labor standards, which can lead to risks of legal liability, reputational damage and business disruption if not managed effectively.

Mitigating actions

WSA's supplier due diligence program identifies high-risk suppliers for annual third-party audits. In cases of non-compliance, we engage with suppliers to implement corrective action plans and closely monitor their progress.

K

Product Quality and Safety Issues

Our reputation and license to operate depends on our compliance with global regulations and standards. Maintaining the highest standards of safety and performance is not only a regulatory obligation but also a critical component of our commitment to our customers and our business success. Ensuring that our hearing aids are safe to use and function well is critical to the longevity of our business. Defects or malfunctions can have a negative impact on sales, profits, and market position, and may result in expensive recalls.

Mitigating actions

Our strong legacy in quality management is supported by a robust, multi-site Quality Management System (QMS), certified by TÜV SÜD for ISO 13485, the EU Medical Device Directive (MDD), and the Medical Device Regulation (MDR). Regular internal and external audits ensure we meet stringent regulatory standards and maintain our license to sell. We also have a dedicated program to enhance product quality, delivery, and customer service, with continuous feedback loops for improvement. Health and safety impacts are assessed throughout product development and post-market processes.

L

Non-compliance with Business Conduct Rules and Regulations

In regions where legal enforcement is less stringent, there is an increased risk of non-compliance with business conduct rules. This includes patient safety, anti-bribery, healthcare compliance, privacy, data protection, and new ESG disclosure and due diligence requirements. Compliance risk includes payments to third parties, agents, and consultants, as well as the acceptance of gifts, which may be customary locally.

The digitization of WSA's services, including personal data processing, underscores the importance of adhering to privacy and data protection laws. Failure to comply with business conduct rules and regulations has a direct impact on our license to operate. The consequences of non-compliance with legal and regulatory requirements can include legal penalties, reputational damage, costs associated with rectification, increased scrutiny from regulators, and potential bans.

Mitigating actions

We have established policies and procedures that reinforce adherence to our Code of Conduct. In addition, we have our Global Data Protection Policy, local policies and procedures that all employees worldwide must follow. Our policies reflect our commitment to fair and transparent information practices. We stay ahead of disclosure legislation and take early steps to implement key regulations to prepare for future sustainability reporting requirements.

Our **Policies**

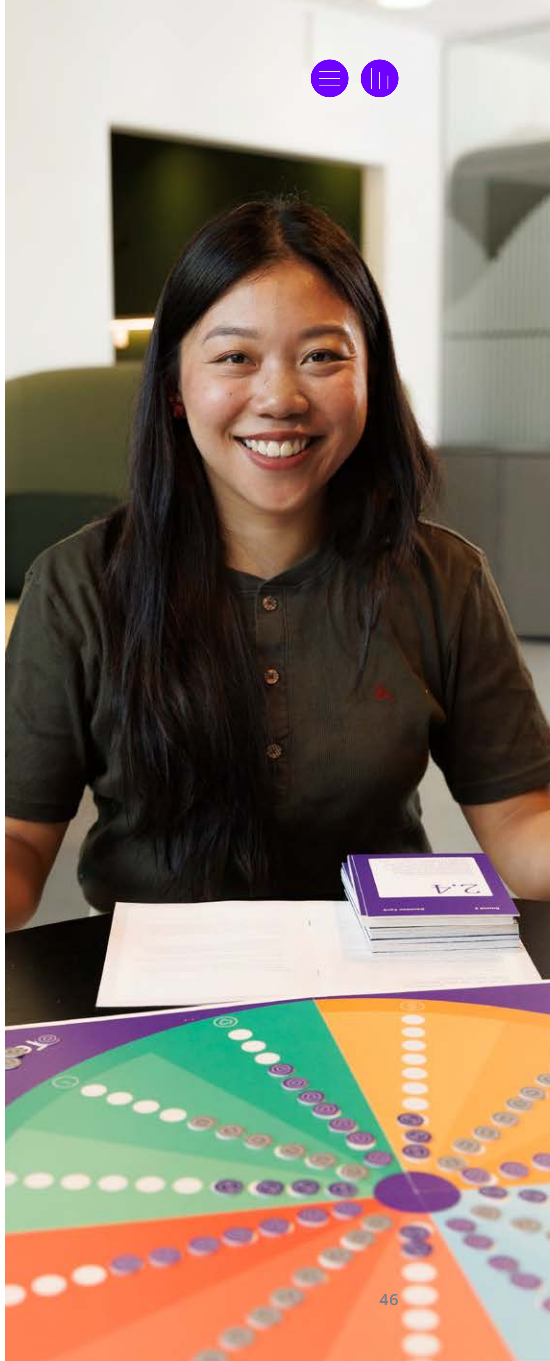
	Affected stakeholders					
Policy	**Consumers / end-users**	**Customers**	**Employees**	**Investors / Owners**	**Suppliers**	**Accountability**
Anti-money Laundering Policy			✓	✓		Head of Legal
Antitrust Compliance Policy	✓	✓	✓	✓	✓	Head of Legal
WSA Code of Conduct	✓	✓	✓	✓	✓	CEO
Code of Conduct for Suppliers					✓	COO
Conflict of Interest Policy			✓	✓		Head of Legal
Data Ethics Policy	✓	✓	✓	✓	✓	CEO
Diversity, Equity, and Inclusion Policy			✓			CHRO
Environmental Health & Safety Policy	✓	✓	✓	✓	✓	CEO
Gifts & Hospitality Policy		✓	✓	✓	✓	Head of Legal
Global Data Protection Policy	✓	✓		✓	✓	Head of Legal
Group Harassment-free Policy			✓			CHRO
Human Rights Policy	✓	✓	✓		✓	CEO
Quality Policy	✓	✓			✓	COO
Tax Policy				✓		CFO
Whistleblower Policy	✓	✓	✓	✓	✓	Head of Legal

WSA's sustainability efforts are guided by corporate-level policies that outline our ambitions, commitments, and management approach.

These policies provide a structured framework for addressing ESG issues that are material to us, ensuring that sustainability is embedded in all aspects of our business operations.

The scope of these policies covers different dimensions of our value chain. Developed at the Group level, these policies ensure that subsidiaries in different regions adhere to the same core principles, despite different local regulations.

To ensure effective implementation, relevant policies are translated into different languages and made available on our webpage. Training on the policies is provided to relevant employees via eCampus, our central learning and development hub.



Environment

Climate Change

Protecting the planet is one of WSA's six strategic pillars. Transitioning to a low-carbon operation is part of our commitment to the environment. Tackling climate change is critical to the future viability of our business. We are working to reduce our carbon footprint by using renewable energy, improving energy efficiency and minimizing GHG emissions. Our commitment to these practices ensures that our operations remain environmentally responsible while helping us proactively manage climate related risks.

	Performance FY2023/24	Progress towards target	Ambition
Scope 1+2 CO_2-eq t (market-based)	5,740	100%	Reduce 50% by 2030 from 2020 base year (SBTi)
Scope 3 Co2-eq t	318,261	*Progress towards target to be shared in FY2024/25 after re-baselining.*	Reduce 30% by 2030 from 2021 base year (SBTi)
Share of renewable electricity	83%	83%	100% (2025)

POLICY

Our Environmental, Health & Safety Policy illustrates our commitment to climate change mitigation, climate change adaptation, energy efficiency, and renewable energy deployment in our own operation and in our value chain according to climate science.

Learn more about our policies on pg 46

APPROACH

The identification and assessment of climate-related Impacts, Risks and Opportunities (IRO) falls under the responsibility of the Sustainability Environmental Steering Committee. Our climate-related IROs are assessed as part of our DMA process and based on our overall science-based decarbonization targets.

Learn more about our DMA on pg 40

WSA has committed to the Science Based Targets initiative (SBTi) and successfully aligned our near-term targets with the Paris Agreement's objective of limiting global warming to 1.5°C above pre-industrial levels. Our decarbonization targets were approved by the Science Based Targets initiative on 28th of November 2022. We are committed to achieving 100% renewable electricity by 2025, reducing absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year, and reducing absolute scope 3 GHG emissions 30% by 2030 from a 2021 base year. Along with the targets, we set also clear path forward to achieve them.

WSA acknowledges the negative impacts of our GHG emissions on climate change, stemming from both our operations and our value chain. Consequently, we have also evaluated our climate-related risks and opportunities in accordance with the guidelines set forth by the Taskforce on Climate-related Financial Disclosures (TCFD), where three risks are identified. Climate-related opportunities exist for WSA but are not material.

Learn more about our TCFD risks on pg 44

Managing Climate-related Risks

To increase the degree of robustness of our climate-related risk management strategy, transition impacts were evaluated following two scenarios from the International Energy Agency (IEA), representing a 1.5-2°C and a business-as-usual pathway. Specifically, the Sustainable Development Scenario (SDS) with a Net Zero Emissions by 2050 (NZE) supplement and the Stated Policies Scenario (STEPS). Physical impacts were assessed based on two Shared Socioeconomic Pathway (SSP) scenarios by the Intergovernmental Panel on Climate Change (IPCC). SSP1-2.6 for a 1.5-2°C trajectory in line with our Science-Based Target ambition, and SSP5-8.5 where an increase of 4°C in global temperatures is expected by 2100.

All climate-related transition and physical risks were identified through a qualitative assessment involving internal subject-matter experts and considered potential implications in finance, business interruption, mitigation time, supply chain impact, and likelihood for our company. Each potential risk/opportunity was evaluated considering WSA's level of preparedness for potential mitigation/implementation. Possible responses on the short, medium, and long term were identified for each to set a strategy moving forward.

Learn more about our climate risks on pg 44

ACTIONS

WSA's climate action plan will guide us in achieving our science-based decarbonization goals. The actions include increasing energy efficiency at our manufacturing sites, switching to renewable electricity at all our sites, and collaborating with suppliers to decarbonize our supply chain.

Energy Efficiency

We conducted comprehensive assessments at our manufacturing sites, focusing on production processes, machinery, infrastructure, and utility consumption to identify inefficiencies and conservation measures.

These energy conservation measures resulted in lower emissions and cost savings. A key action we took was replacing machines that are not energy efficient at our Singapore manufacturing site. The new energy-efficient machines are capable of producing double the number of products with the same energy consumption as the previous machinery.

In Denmark, we have implemented several measures to reduce energy consumption including reducing ventilation operation hours, using heat recovery from compressed air for domestic hot water, and installing light sensors in the parking basement.

In Mexico, we have reduced unnecessary energy consumption by aligning the use of compressed air, lighting, and air conditioning systems with actual demand. Additionally, our facility streamlined its workforce, leading to decreased operational hours and further energy savings.

The ongoing renovation in China incorporates energy conservation measures into the plan, ensuring that the upgraded infrastructure and systems prioritize energy efficiency.

As part of our ongoing expansion plan, we have initiated the implementation of an energy management IT system at our manufacturing site in Singapore, with subsequent plans to implement this system in our facilities in China and Poland. The energy management system allows us to monitor, analyze, and optimize energy usage, which could result in energy savings of approximately 10-20%. We expect the implementation to be completed in 2025, after which we will seek to roll out the system to all manufacturing sites.

Transit to Renewable Energy

We are committed to achieving 100% renewable electricity by 2025. This year, the share of renewable electricity reached 83%, representing an increase from 66% in the previous FY. The distribution of renewable electricity sources is as follows: 9% from onsite renewable energy, 86% from unbundled EACs, and 5% sourced directly from utility companies.

We completed the installation of solar panels at our main office in Hungary. This office serves as the country office and includes a service center, laboratory, silent rooms, and storage areas. The electricity generated by these panels will be accounted for and assured in the next FY. Our wind turbine and solar panels at our location in Denmark and solar panels in China continue to generate renewable energy on-site.

We also continue to source renewable electricity directly from solar panel-equipped tenanted buildings at our main office in the U.S. This year, we introduced a similar setup for our manufacturing site in Poland. Electricity generated by the building's solar panels in Poland are supplemented by unbundled EACs to cover any additional grid-sourced electricity. The energy generated by the solar panels accounts for 22% of the manufacturing site's total electricity consumption. Furthermore, we continue to maintain direct power purchase agreements with renewable energy providers for our offices in Germany and Switzerland.

Scope 3 Decarbonization through Supplier Engagement

It is not feasible for us to achieve net zero alone. It is crucial that we engage our business partners in the value chain in our decarbonization efforts. This year, our focus is on our direct suppliers as the greenhouse gas (GHG) emissions from our Scope 3 categories: Purchased Goods & Services and Capital Goods account for most of our total carbon emissions.

We prioritized strategic suppliers to be engaged in our Supplier Decarbonization Program. These suppliers provide us with critical components including electronic manufacturing components, plastics, and packaging. We successfully collected activity data from 12 of our key suppliers, representing 21% of WSA's total Scope 3 emissions in the previous year. In the coming years, we will engage with more suppliers in order to achieve our 30% Scope 3 reduction goal. This year will serve as a pilot phase, during which we gained insights and tested new approaches, as we prepare to scale up our supplier engagement strategy in our industry.

Some suppliers have adopted the GHG Protocol as their framework for accounting for greenhouse gas (GHG) emissions. However, for most engaged suppliers, GHG accounting represents a new approach. Accordingly, our engagement approach was tailored to align with the specific maturity level of each supplier. For suppliers with Scope 1, 2, and 3 emissions data, we allocated their Scope 1, 2, and 3 (upstream) emissions relevant to the goods and services they supplied to WSA.

For suppliers who do not account for their Scope 1, 2, and 3 emissions, we collected activity data in line with the GHG Protocol, including energy consumption, material input, transportation, and waste. We have assisted our suppliers in accounting for their greenhouse gas emissions. Additionally, we provided these suppliers with GHG accounting training materials and resources.

We are amid introducing a new IT system to assist suppliers in learning and accounting for their greenhouse gas emissions. The new IT system will enable WSA to engage with a greater number of suppliers and track greenhouse gas emissions in our supply chain more effectively.

Upon establishing our suppliers' emissions using activity-based data, we will focus on identifying key emission hotspots with decarbonization potential and supporting suppliers in reducing emissions across our value chain. In the coming year, we aim to bring more suppliers on board with these efforts and initiate discussions on setting their own Science-Based Targets for SBTi approval.

METRICS

Energy Consumption	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Total energy consumption related to own operations	MWh	46,932	50,411	58,103	50,411	61,051
Total energy consumption from fossil sources	MWh	17,953	N/A	N/A	N/A	N/A
Percentage of fossil sources in total energy consumption	%	38	N/A	N/A	N/A	N/A
Total energy consumption from renewable sources	MWh	28,979	N/A	N/A	N/A	N/A
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	26,273	N/A	N/A	N/A	N/A

§ Accounting Principles

Total energy consumption related to own operations
Total energy consumption includes fuel, electricity, district heating and cooling consumed on sites, and vehicles that WSA has operational control over. This year, we collected primary data for emissions from 41% of our non-retail sites (61 out of 150) and 5% of our retail sites (50 out of 1124). Emissions from 59% of the non-retail sites and 95% of the retail sites were calculated based on primary data from other sites.

Estimation methods
Where only partial *Total energy consumption related to our own operations* data is provided for a given reporting year due to difficulties with data collection, or data is not provided monthly by an external party, an estimation technique is applied. Estimations stated below are the responsibility of each site manager.

- For data provided monthly that does not cover the 1st day of the month to the last day of the month, the data shall be counted in the month of the ending date of the vendor report/invoice.
- For data frequency that is not predictable and lower than once every month, the data should be divided by a smaller unit (e.g., daily consumption) and multiplied to complete a monthly consumption.
- For data that is provided bimonthly, quarterly, tertiarily, or annually, the total consumption must be equally divided between the number of months covered by the invoicing period.
- If the last month's data for the period of interest are not received by data collection deadline, the data of the last month(s) shall be estimated based on latest available month. The difference between the estimation and actual data (provided by an external party) shall be compensated for in the first month of the next reporting period.
- For sites with consumption data that is not specific to the site of interest but to the entire leased facility, an estimated consumption can be provided by multiplying the electricity purchases for the entire facility by the percentage of the floor area that the site occupies.

The primary data collected from the site managers is used as a reference to estimate the energy consumption (electricity, natural gas, and district heating) for sites where primary data is not available. The estimation process involves calculating the average monthly energy consumption per square meter of a type of site (manufacturing, warehouse, office, or retail) in a given country or region and applying this rate to the estimated site's floor area.

Total energy consumption from fossil sources
This is calculated by removing the *Total energy consumption from renewable sources* from the *Total energy consumption related to own operations.*

Percentage of fossil sources in total energy consumption
The calculation of the *Percentage of fossil sources in total energy consumption* is done by dividing the *Total energy consumption from fossil sources* by *Total energy consumption related to own operations* and multiplied by 100.

Total energy consumption from renewable sources
Currently, the only energy consumed from renewable sources in WSA's operations is electricity. Renewable electricity is sourced from direct power purchase agreements or bundled energy attribute certificates (EACs) from utility service providers, from purchasing unbundled EACs, or from producing electricity on-site (directly from a self-operated renewable energy source or from a tenanted building with onsite renewable energy operated by the landlord). Checks are made to ensure that the authenticity proofs cover the required calendar year period.

PERFORMANCE

In 2023/24, we successfully reduced our *Total energy consumption related to our own operations* by 7%. This was driven by a reduction in fuel, electricity, and district heating consumption. This decrease was driven by two factors: energy efficiency initiatives at our main production sites and warmer weather conditions, which reduced the need for heating.

We are driving the *Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources* primarily through our ongoing investments in bundled and unbundled energy attribute certificates (EACs). We are advancing toward our Science-Based Targets initiative (SBTi) goal of 100% renewable electricity by the next FY.

Our manufacturing sites in China, Denmark, the Philippines, Poland, Singapore, and Mexico now operate on 100% renewable electricity. Mexico is our most recent addition this year. We successfully sourced renewable electricity for our manufacturing site in Poland directly from the building's solar panels. The remaining electricity was sourced from the grid with unbundled EACs.

METRICS

Energy Consumption	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Consumption of self-generated non-fuel renewable energy	MWh	2,706	N/A	N/A	N/A	N/A
Percentage of renewable sources in total energy consumption	%	62	N/A	N/A	N/A	N/A
Fuel consumption from crude oil and petroleum products	MWh	5,336	N/A	N/A	N/A	N/A
Fuel consumption from natural gas	MWh	5,418	N/A	N/A	N/A	N/A
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	7,002	N/A	N/A	N/A	N/A
Renewable energy production	MWh	2,706	N/A	N/A	N/A	N/A
Share of renewable electricity	%	83	66	41	23	16

§ Accounting Principles

Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources
This includes the purchase of electric power typically purchased through a direct line connection with a generating facility that has a renewable source or that has a market instrument that certifies the energy source to be renewable. The renewable sources relevant to this metric are listed in the accounting principle of the metric *Total energy consumption from renewable sources*, minus *Renewable energy production.*

Consumption of self-generated non-fuel renewable energy
Sites where WSA consumes non-fuel renewable energy that is produced from a self-operated renewable energy source, such as solar or wind power.

Percentage of renewable sources in total energy consumption
The calculation of the percentage of renewable sources is done by dividing the *Total energy consumption from renewable sources* by *Total energy consumption related to own operations* and multiplied by 100.

Fuel consumption from crude oil and petroleum products
This includes the consumption of fuels used for company-owned or leased vehicles (in uses other than commuting), for whose fuel purchase WSA is responsible. Examples include diesel and gasoline/petrol.

Fuel consumption from natural gas
This includes on-site stationary combustion of fossil fuel burning equipment (e.g., heating boilers) or process-based emissions (e.g. back-up electricity generators) in sites that are owned or controlled by WSA directly.

Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources
This includes the purchase of electric power, district heating, and cooling. Heating and cooling are typically purchased through a direct line connection with a generating facility. Activity data can be documented through consumption invoices, or if heating is purchased directly through fuels such as natural gas, it should be reported in Scope 1. This metric is calculated by subtracting *Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources* from *Consumption of purchased or acquired electricity, heat, and cooling from fossil sources*.

Renewable energy production
The calculation of renewable energy production that is self-operated on-site using solar panels and wind turbines. Production of renewable energy that is self-operated is currently being done in WSA sites include: Denmark, China, and Hungary.

Share of renewable electricity
This is calculated as renewable electricity consumption divided by total electricity consumption. Renewable electricity can be acquired via differentiated electricity products from the utility or electricity supplier, by contracting directly with a renewable energy generator, by purchasing unbundled renewable energy certificates (EACs), or by producing (directly from self-operated renewable energy source or from tenanted building with onsite renewable energy operated by the landlord). Checks are made to ensure that the authenticity proofs cover the required calendar year period.

PERFORMANCE

Our solar park and wind turbine in Lynge generated 2,473 MWh, a 9% increase from last year. Our solar panels at our Suzhou, China, factory generated 233 MWh, up 2% from last year.

This year, we installed solar panels at our Hungarian office, and they will be fully integrated next year.

In instances where on-site renewable energy is unavailable, such as at our Singapore factory and smaller offices, we procure unbundled EACs.

This year, our *Share of renewable electricity* rose by 17%, reaching 83%. This reflects our commitment to renewable electricity as we near our 2025 target of 100%.

METRICS

GHG Scope	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Gross Scope 1 GHG emissions	CO_2-eq t	2,673	3,066	4,402	3,764	6,940
Gross location-based Scope 2 GHG emissions	CO_2-eq t	11,294	11,541	12,357	12,066	13,335
Gross market-based Scope 2 GHG emissions	CO_2-eq t	3,067	4,927	7,703	11,094	13,372
Gross Scope 3 GHG emissions[1]	CO_2-eq t	318,261	389,152	363,723	383,900	463,400
Total GHG emissions, location-based[1]	CO_2-eq t	332,228	403,759	380,482	399,730	483,675
Total GHG emissions, market-based[1]	CO_2-eq t	324,000	397,145	375,828	398,758	483,712
GHG emissions intensity, location-based	CO_2-eq t/EUR	0.000126	N/A	N/A	N/A	N/A
GHG emissions intensity, market-based	CO_2-eq t/EUR	0.000123	N/A	N/A	N/A	N/A

§ Accounting Principles

Gross Scope 1 GHG emissions
Emissions from sources that are owned or controlled by WSA directly. Activities include those related to fuel consumption and fugitive emissions associated with the use of HVAC equipment. The activity data is multiplied by the corresponding emission factor (EF) through the CEMAsys platform, a sustainability software solutions provider https://portal.cemasys.com/. Fuel-specific EFs for CO_2, CH4, N2O are used for all sites worldwide using Department for Environment, Food & Rural Affairs (DEFRA) CO_2 Emissions from the Fuel Combustion and Refrigerants dataset. An exception is done for emissions from mobile combustion in Australia for diesel consumption, where the EFs from the Australian Government Department of Industry, Science, Energy and Resources were used, and for the US, where the EFs from the U.S. Environmental Protection Agency (EPA) Emission Factors Hub were used.

Gross location-based Scope 2 GHG emissions
Emissions associated with the consumption of purchased or acquired electricity, heat, steam, heating and cooling related to own operations. The activity data is multiplied by the corresponding emission factor (specific for each type of activity data) through the CEMAsys platform, a sustainability software solutions provider, as defined in the GHG Reporting Protocol.

Following the Scope 2 guidance from the GHG Protocol, WSA uses the national or regional emission factors defined by the following methods in each relative geography where WSA operates:

- Department for Environment, Food & Rural Affairs (DEFRA) CO_2 Emissions from district heating
- US sites: US EPA Emissions & Generation Resource Integrated Database (eGRID)
- For UK sites: Department for Environment, Food & Rural Affairs (DEFRA) conversion factors
- For remaining countries: International Energy Agency (IEA) Emissions Factors database

Gross market-based Scope 2 GHG emissions
Market-based emission factors relate specifically to the carbon intensity of the electricity procured. Where available, the supplier-specific emission factors are used for the specific sites, otherwise, following GHG protocol hierarchy, residual mix emission factors followed by location-based EFs were used according to availability. Market-based emissions factors for the reporting year were collected along with supporting evidence (such as Energy Attribute Certificates, supplier invoices, etc.) and added into the CEMAsys platform, a sustainability software solutions provider. The data and supporting evidence are checked against quality criteria as described in the GHG Protocol Standard requirements for Scope 2 reporting.

Gross Scope 3 GHG emissions
Refers to all indirect emissions (not included in scope 2) that occur in the value chain of WSA, including both upstream and downstream emissions. All categories of Scope 3 emissions were assessed, but only those within the operational boundaries were included. The accounting of G*ross Scope 3 GHG emissions* includes various approaches for each category. Both activity and spend data across the categories are input into an external accounting software which has a consolidated database of emission factors to convert the input data into emissions.

The following Scope 3 categories were excluded as they were assessed to be not part of the operational boundaries:

- Processing of sold products
- Downstream leased assets
- Franchises
- Investments

[1] Due to a change in methodology, current year figures are not directly comparable to prior periods.

PERFORMANCE

Gross Scope 1 GHG emissions decreased by 13% because of a reduction in natural gas use across various initiatives. Our manufacturing site in Poland has decreased its dependency on natural gas for heating by transitioning to electrical heating, in addition to other initiatives aimed at optimizing energy utilization.

Gross market-based Scope 2 GHG emissions decreased by 38%, reflecting our continued investment in both bundled and unbundled EACs. *Gross location-based Scope 2 GHG emissions* also decreased by 2%, reflecting an overall reduction in electricity and district heating consumption.

METRICS

GHG Scope	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Percentage of contractual instruments, Scope 2 GHG emissions	%	73	N/A	N/A	N/A	N/A
Percentage of contractual instruments used for sale and purchase of energy bundled with attributes about energy generation in relation to Scope 2 GHG emissions	%	3	N/A	N/A	N/A	N/A
Percentage of contractual instruments used for sale and purchase of unbundled energy attribute claims in relation to Scope 2 GHG emissions	%	70	N/A	N/A	N/A	N/A
Percentage of GHG Scope 3 calculated using primary data	%	29	N/A	N/A	N/A	N/A
Net revenue	EURm	2,637	N/A	N/A	N/A	N/A
Net revenue used to calculate GHG intensity	EURm	2,637	N/A	N/A	N/A	N/A

§ Accounting Principles

Total GHG emissions location based
Includes the sum of *Gross Scope 1 GHG emissions, Gross location-based Scope 2 GHG emissions,* and *Gross Scope 3 GHG emissions*. Due to the nature of WSA's operation, only three greenhouse gases are considered to be released in significant quantifies for tracking: CO_2, CH4, and N2O. Global warming potentials (GWPs) are taken from the Intergovernmental Panel on Climate Change (IPCC) IPCC Fifth Assessment Report (AR5) using 100-year values. For the current inventory the following values are used: CO_2 GWP = 1, CH4 GWP = 28, N2O GWP = 265.

Total GHG emissions market-based
Includes the sum of *Gross Scope 1 GHG emissions, Gross market-based Scope 2 GHG emissions,* and *Gross Scope 3 GHG emissions*.

GHG emissions intensity, location-based
(Total GHG emissions per net revenue)
Refers to the *Total GHG emissions, location-based* produced by WSA in relation to its *Net revenue*. To calculate the intensity, divide the total *GHG emissions, market-based* by the *Net revenue* to obtain the *GHG emissions intensity, location-based*.

GHG emissions intensity, market-based
(Total GHG emissions per net revenue)
Refers to the *Total GHG emissions, market-based* produced by WSA in relation to its *Net revenue* in EUR. To calculate this, divide the *Total GHG emissions, market-based* by the *Net revenue* in EUR.

Percentage of contractual instruments, Scope 2 GHG emissions
Divide the energy consumption of activities covered by contractual instruments (unbundled and bundled EACs, or direct power purchase agreements) by the total energy consumption of all activities defined under Scope 2 emissions. As the GHG Protocol, SBTi, and RE100 do not have an official vintage limit of the EACs, WSA refers to the Green-e® standard when allocating the unbundled RECs that are procured. The Green-e® standard has a 21-month vintage requirement which RE100 recommends as a reasonable practice. The requirement states that a given twelve-month reporting period of electricity consumption can use vintages of renewable electricity from the six months before the reporting period, the twelve months of the reporting period, or the three months after the reporting period.

Percentage of contractual instruments used for sale and purchase of energy bundled with attributes about energy generation in relation to Scope 2 GHG emissions
Divide the energy consumption of activities covered by bundled EACs or direct power purchase agreements by the total energy consumption of all activities defined under Scope 2 emissions.

Percentage of contractual instruments used for sale and purchase of unbundled energy attribute claims in relation to Scope 2 GHG emissions
Divide the energy consumption of activities covered by unbundled EACs (renewable energy certificates) by the total energy consumption of all activities defined under Scope 2 emissions.

PERFORMANCE

Most of our energy consumption, which contributes to *Gross market-based Scope 2 GHG emissions*, is covered by contractual instruments. Of the 73% of energy covered, 3% is sourced from bundled energy attribute certificates (EACs) and 70% from unbundled EACs. To further secure our 100% renewable electricity target and reduce reliance on unbundled EACs, we have initiated direct power purchase agreements (PPAs) with utility service providers that supply renewable energy. This approach allows us to maintain our renewable electricity commitment in a more sustainable and efficient manner.

This year, we expanded our renewable electricity coverage to 26 countries, underscoring our dedication to sustainable energy use across our global operations.

While our SBTi 2030 target is based on absolute emissions, we believe that emissions intensity remains a valuable key metric. Monitoring intensity enables us to normalize emissions in relation to our organic growth, providing a crucial indicator for tracking decarbonization progress over time.

METRICS

Scope 3 Categories	Unit	2023/24	2022/23	2021/22
Purchased goods and services[1]	CO_2-eq t	233,744	291,145	265,960
Capital goods[1]	CO_2-eq t	4,144	2,942	3,499
Fuel- and energy-related activities, not included in scope 1 or scope 2[1]	CO_2-eq t	3,308	3,075	3,568
Upstream transportation and distribution[1]	CO_2-eq t	37,173	52,361	57,319
Waste generated in operations[1]	CO_2-eq t	1,819	2,187	3,496
Business travel	CO_2-eq t	8,412	12,172	6,889
Employee commuting	CO_2-eq t	21,250	20,400	20,400
Upstream leased assets	CO_2-eq t	326	N/A	N/A
Downstream transportation and distribution[1]	CO_2-eq t	2,148	817	0
Use of sold products	CO_2-eq t	5,275	3,384	1,971
End-of-life treatment of sold products	CO_2-eq t	663	669	621

§ Accounting Principles

Percentage of GHG Scope 3 calculated using primary data
WSA considers emissions from sources with company-specific data that is applied to a company-specific or generic emission factor to be primary data, whereas emissions from the spend-based approach and from the average data approach in category 7 are considered as secondary data.

To obtain the *Gross Scope 3 GHG emissions* calculated using primary data, we deduct the total emissions derived from secondary data from the *Gross Scope 3 GHG emissions* . Emissions calculated using secondary data include those based on the spend-based method (in categories 1, 2, 4, 5, and 9) and the average data method for category 7. After the Scope 3 emissions using primary data is calculated, divide the Scope 3 emissions calculated using primary data by the *Gross Scope 3 GHG emissions* and multiply by 100 to get the percentage.

[1] Past year data will not be comparable to 2023/24 due to changes in accounting methodology.

Net revenue
Net revenue is based on the same accounting principles related to Net Revenue as presented and described in the Financial Statements on page 110.

Net revenue used to calculate GHG intensity
Net revenue is based on the same accounting principles related to Net Revenue as presented and described in the Financial Statements on page 110.

Purchased goods and services
Refers to all upstream (cradle-to-gate) emissions of purchased goods and services. A hybrid approach of spend-based approach, the use of a third-party certified life cycle assessment (LCA) data, and supplier primary data is adopted in this category. Spend data is received from the procurement department and is cleaned to remove any data that is to be reported in other categories to prevent double counting. The spent amount is then multiplied by the corresponding emission factors from the Exiobase Input-Output emission database. LCA data is used only for commodities that: 1) are exclusively for hearing aid production, 2) are exclusively attributed to the LCA process. Emissions from these commodities are calculated by multiplying sold units numbers by the LCA process emissions. Two approaches are used to collect supplier primary data: supplier level allocation method and hybrid method. For suppliers that disclose their Scope 1, 2, and 3 emissions, their emissions are apportioned based on the percentage of their sales to WSA. Suppliers that do not have all 3 scopes are required to submit their Scope 1 & 2 emissions or energy consumption from operations, % of sales, material and weight of products sold, transportation and waste data as specified in the GHG Protocol.

Capital goods
Refers to all upstream (cradle-to-gate) emissions of capital goods. The spend-based approach, as stated in the Purchased Goods & Services category, is adopted in this category.

PERFORMANCE

Purchased goods and services represents the largest source of our *Gross Scope 3 GHG emissions*, so we must engage suppliers to meet our decarbonization targets. This year, we started a program to work with suppliers on reporting emissions.

We categorize suppliers based on their level of readiness to report their carbon footprint. We offer supplementary guidance and collect data from suppliers who have not yet reported their Scope 1, 2, and 3 emissions. We allocate suppliers' emissions based on the percentage of sales to WSA.

Going forward, we will place an emphasis on scalability and sustained engagement with our key suppliers, with whom we have established baselines. This will enable us to work towards our SBTi near-term target of a 30% reduction. We will also work improving the data we have on *Employee commuting*, and on reducing emissions in the *Transportation and distribution* category as well as *Business travel*.

Fuel- and energy-related activities, not included in Scope 1 or scope 2
Refers to all upstream (cradle-to-gate) emissions of purchased fuels and energy (from raw material extraction up to the point of, but excluding, combustion, including T&D losses). Using the average data approach as stated in the GHG Protocol – Calculation formula [3.1] Upstream emissions of purchased fuel, the well-to-tank and upstream emission factors from IEA (2022) and DEFRA (2022) are applied to the fuels and electricity consumed in Scope 1 and 2. The emissions calculated are considered primary data as the energy consumption is company-specific and segregated by country, where an emission factor is available for each location.

Upstream transportation and distribution
Refers to the Scope 1 & 2 emissions of transportation and distribution providers that occur during use of vehicles and facilities (e.g., from energy use). Spend data and carbon emission reports from our key logistics service providers are used to account for this category. The carbon reports adopt a distance-based method to calculate the emissions. The spend data related to logistics & transportation data is divided into categories (air, road, rail, and warehousing) based on the shares of activities provided in the carbon emission reports, and multiplied by the emission factors from US EPA (2020); Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities.

Waste generated in operations
Refers to the Scope 1 & 2 emissions of waste management suppliers that occur during disposal or treatment. The waste generated from Denmark, Singapore, Poland, China, the Philippines and Mexico are accounted for and the emission factors from DEFRA (2022) and Ecoinvent 3.8 are applied based on the type of waste and method of disposal. The remaining emissions from waste generated in operations is calculated by multiplying the spend on the waste vendors identified in the spend data to the spend based emission factor on waste management from US EPA (2020); Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities.

Business travel
Refers to the Scope 1 & 2 emissions of transportation carriers that occur during use of vehicles (e.g., from energy use) for transportation of employees for business purposes. A distance-based and fuel-based approach is adopted in the carbon footprint report provided by WSA travel agency. Emissions accounted for includes both flight and accommodation.

Employee commuting
Refers to the Scope 1 & 2 emissions of transportation of employees between their homes and their worksites. An average-data approach is adopted in this category. The emissions are estimated from the total number of employees in WSA multiplied by a global average emission factor from commuting by an employee. The average emission of an employee is estimated at 1,700kgCO_2-eq/ year, as referenced from the Ecoinvent database (SCLCI 2010). For the purpose of calculating emissions from employee commuting, number of employees at WSA is estimated as 12,500.

Upstream leased assets
Refers to Scope 1 & 2 emissions from the operation of leased assets that are not already included in Scope 1 & 2. Emissions from the electricity consumption from our sites that are not under our operational control is included in this category.

Downstream transportation and distribution
Refers to the emissions from transportation and distribution of sold products in vehicles and facilities not owned or controlled by WSA. Emissions associated with warehousing operations, as stated in the carbon footprint reports provided by the transportation and distribution providers, are accounted for in this category. The spend-based approach is also adopted in this category to account for emissions from warehousing service providers that do not provide emissions data. The spent amount is multiplied by a warehousing spend-based emission factor from US EPA (2020), Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities.

Use of sold products
Refers to the direct use-phase emissions of sold products over their expected lifetime (i.e., the Scope 1 and 2 emissions of end users that occur from the use of products that directly consume energy (fuels or electricity) during use. Sales data from our main brands is gathered internally to calculate the amount of sold chargers by country. The energy consumed during each charger's lifetime is estimated from the LCA study, which assumed an average lifetime of 66 months, representing an average lifetime of our products of 5.5 years. An average monthly consumption is determined based on the proportion of Widex and Signia chargers that are sold in each country, assuming the devices are charged once every day. The average monthly consumption is then multiplied by the number of hearing aids sold in each country

End-of-life treatment of sold products
Refers to the Scope 1 & 2 emissions of waste management companies that occur during disposal or treatment of sold products. Sales data from WSA's main brands are gathered internally to calculate the amount of sold products (hearing aids, chargers, and accessories). This information, along with packaging weight and composition information, was used to calculate for the total weight of our sold products which is then multiplied by the corresponding emission factors from DEFRA (2022), EPA (2022), and Ecoinvent 3.8.

PERFORMANCE

We enhanced the accuracy of our Scope 3 *Downstream transportation and distribution* data by reducing reliance on estimates. Now leveraging data from specific trade routes, we can better identify opportunities to improve supply chain efficiency.

Enhanced data availability regarding waste at our manufacturing sites has provided us with a clearer understanding of where we send our waste and how they are treated. Our EH&S team has prioritized recycling and reusing of our wastes from our sites in Denmark, Singapore, Poland, China, the Philippines and Mexico, and are actively sourcing credible vendors for sustainable waste disposal solutions.

We are reporting a new Scope 3 category, *Upstream leased assets*, to better capture the consumption of electricity not included in our Scope 1 and 2 emissions.

Environment

Pollution

Our commitment to sustainability means that we carefully manage materials to reduce environmental impact. We address any pollution impacts from our operations and products to ensure the safety of our employees and customers and to meet regulatory standards.

POLICY

At WSA, we are committed to minimizing the negative impact of substances in our products on people and the environment. This also entails reducing and mitigating the use of substances of concern and substances of very high concern (SVHC). In accordance with our Environmental Health & Safety Policy, we proactively identify, manage, and phase out those substances in our products and in the manufacturing processes, both within our own operations and across our supply chain.

Learn more about our policies on pg 46

APPROACH

We recognize that certain substances can pose significant risks to human health and the environment. As a medical manufacturing company, we adhere to the highest standards of regulatory compliance to ensure that our products, services, and operations comply with all applicable rules across different geographies. Our compliance efforts are the result of collaboration between Quality, Sustainability, Procurement, and Legal functions.

Our commitment is reflected in our Quality Management System (QMS), certified under ISO 13485, which demonstrates our dedication to the safety and well-being of our users. This system, along with adherence to the European Medical Device Regulation and the US FDA Quality System Regulation, enables WSA to consistently achieve compliance across our manufacturing sites in China, Denmark, Germany, the U.S., and Singapore. All these sites have passed U.S. FDA audit inspections since 2018.

At the forefront of our pollution management efforts are the Product Related Environmental Protection (PREP) and EH&S teams who spearhead initiatives within the Sustainability function to manage and reduce the use of hazardous substances in our products. These efforts include substituting harmful chemicals with safer alternatives and meeting customer and regulatory requirements.

Our PREP management system ensures compliance with a range of international regulations, including:

- EU RoHS Directive 2011/65/EU and EU Amendment 2015/863
- EU REACH Regulation EC No. 1907/2006
- EU Battery Directive 2006/66/EC and Regulation (EU) No 2019/1020
- UN Stockholm Convention and EU Regulation No. 2019/1021 on Persistent Organic Pollutants (POP)
- Other similar laws, such as USA Proposition 65 and China Volatile Organic Compounds (VOC) regulations

We have implemented a range of preventive and corrective measures to restrict the use of substances of concern and SVHC in our products, with the aim of reducing pollution. For instance, we have replaced polyvinyl chloride (PVC) in USB cables with alternative materials due to the harmful impact of brominated flame retardants found in PVC.

Our commitment also extends to our supply chain, where we work closely with suppliers to ensure they meet our rigorous standards. Through the PREP management system, we continue to monitor the use of SVHCs, work with suppliers to phase them out or maintain their use within safe thresholds, in line with EU REACH regulations.

ACTIONS

One of the primary objectives of the PREP initiative this year was to guarantee the use of PVC-free USB cables for a pivotal project. PVC often contains toxic additives, including phthalate plasticizers and heavy metals, which are used to enhance flexibility and durability. Such substances may present health risks and have the potential to accumulate in the environment, thereby contributing to long-term health hazards. We worked with suppliers to successfully source PVC-free cables for the project.

Moreover, we ensured that the inks used in packaging and other printed materials meet our rigorous safety and environmental standards, particularly by reducing the presence of mineral oils. While the initial scope was limited to France due to regulatory requirements, we have proactively implemented these changes across all our global products to maintain high compliance standards and demonstrate our commitment to reducing the negative impacts of our products.

Environment

Resource Use and Circular Economy

One of WSA's strategic goals is to transition to a circular business model. We do this by enabling circularity by design, increasing resource efficiency, and enabling reverse logistics. We believe that transitioning to a circular business model will help us achieve our other strategic goals of expanding access and addressing affordability.

	Performance FY2023/24	Progress towards target	Ambition
Share of product packaging in FSC Paper	81%	81%	100% (2025)
Total waste sent for recycling and reuse	80%	100%	80% (2024)

POLICY

WSA is committed to the efficient use of resources and the transition to a circular business model. This commitment is articulated in WSA's Environmental, Health and Safety Policy. This commitment motivates us to continually seek better solutions that replace virgin materials with recycled materials, divert waste from disposal, mitigate the risk of critical material shortages, and capitalize on opportunities within a circular business model.

Learn more about our policies on pg 46

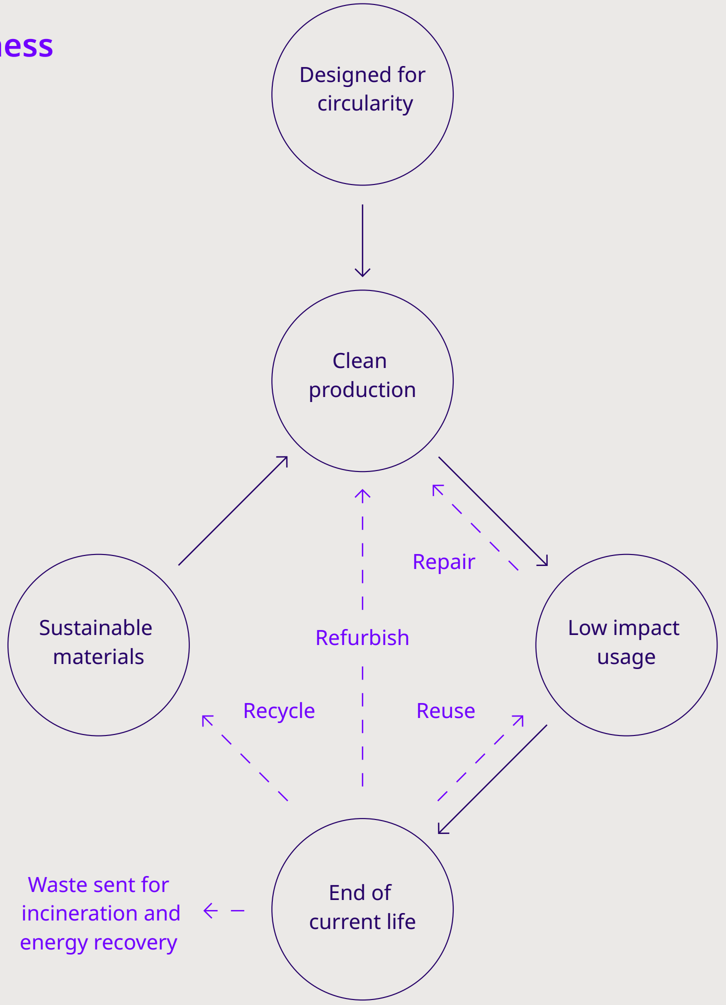
APPROACH

The transition to a circular business model is a complex undertaking that requires technological and commercial innovation, as well as cross-industry collaboration. This is a relatively new topic for WSA and our industry. Our strategy is to identify and adopt best practices from other industries to accelerate the transition and contribute to the transition through research and collaboration.

In 2023, WSA became a member of the Ellen MacArthur Foundation Network. The foundation works with industry-leading companies, innovators, and governments to promote, develop, and advance the circular economy. We are leveraging insights from the network to enhance the training of our staff to identify opportunities for integrating new insights into our operational processes. In addition, we apply learnings from cross-industry collaborative projects related to circular product design to improve our future product offerings. To turn our ambitions into action, we must continuously seek new knowledge and collaboration opportunities related to circular economy practices.

To this end, WSA is collaborating with the Singapore University of Technology and Design (SUTD) on the Industrial Postgraduate Program on Circular Economy. This program will integrate our existing efforts with global best practices in the hearing aid industry. By leveraging SUTD's expertise in eco-design and sustainable logistics, our Ph.D. student is addressing the challenge of enabling circularity through product design.

Circular business model at WSA



ACTIONS

Design for Circularity

Design for circularity is the most important enabling factor for circular business model. The environmental impact of any product is largely defined during the design phase. This is why at WSA, we place a strong emphasis on design for circularity.

This year, we developed a checklist of design strategies focused on environmental sustainability to apply to our products. This checklist will be used to ensure that our products are designed to be environmentally friendly while promoting circularity. Our future products would take a phased approach to aligning with these design strategies that include eco-design elements. We are committed to continuously improving the eco-design performance of new products.

In addition, we have a dedicated team in R&D that is continuously testing new ideas to make our products more sustainable. This team is also developing sustainable hearing aid concepts that will be applied to our next generation of hearing solutions.

Clean Production

The rollout of our SMART LEAN manufacturing program at our manufacturing sites in China, Singapore, Mexico and Denmark has resulted in enhanced resource efficiency and clean production practices. This year, we have decreased the amount of waste produced per hearing aid in comparison to the previous year.

Our waste management strategy is aligned with the waste hierarchy, focusing on waste diversion for reuse. We ask suppliers to collect and reuse shipping packaging. Additionally, our integrated waste sorting system maximizes recycling efforts. We recycled and reused 80% of all waste from our manufacturing sites in Denmark, Singapore, China, Poland, the Philippines and Mexico.

Poland serves as a good example for the effective implementation of the waste hierarchy. We invested in an industrial shredder and diverted 20 tons of confidential paper from incineration to recycling annually. Furthermore, our distribution center successfully diverted over five tons of non-hazardous waste from incineration, contributing to 12% of the total non-hazardous waste reuse in Poland. Half of this material was sent to another affiliate for reuse, while the rest will be reused by a customer.

In Singapore, we introduced EMAT, a monthly production site walk led by supervisors and the SMART LEAN Environmental Pillar lead team. This initiative identifies deviations from waste management standards and implements corrective actions immediately.

Sustainable Materials

Another way we are mitigating our environmental impact is the substitution of virgin and non-renewable resources with sustainable alternatives.

We have committed to sourcing FSC-certified paper for all our product packaging by 2025. This year, 81% of WSA product packaging was sourced from FSC-certified sources. We are making good progress towards achieving this goal.

While we have made efforts to reduce the use of plastics in our packaging, we are not yet in a position to eliminate them entirely due to the need to comply with a number of quality requirements and local regulations. However, we are making progress in this area with the introduction of the new Rexton Reach packaging. The design is minimalist, and we have reduced single-use packaging by 60%.

ACTIONS

Low Impact Usage

At WSA, we are committed to reducing our environmental impact across the entire value chain, including helping our users in minimizing their ecological footprint when using our hearing aids.

We are working to make rechargeable hearing solutions more available. Our lifecycle assessment indicates that rechargeable hearing aids have 65% less environmental impact than non-rechargeable ones throughout their entire lifecycle.

While our hearing aids are designed to last for a minimum of five years, the technological limitations of lithium-ion batteries result in a shorter lifespan. Our reverse logistics system addresses this challenge. This system facilitates the return of hearing aids requiring maintenance and repair, which is free of charge during the warranty period and available for a limited fee once the warranty expires. This year, 97% of the hearing aids we received for repair were successfully restored, while the remaining units, deemed beyond repair, were responsibly recycled.

Our commitment to sustainability extends beyond product design to include comprehensive support systems, ensuring both our products and our practices are environmentally responsible.

End of Current Life

People's hearing abilities change over time, and hearing technology is constantly evolving. This often means users need to change to new hearing aids before the previous pair has reached the end of its operational life. Our objective is to provide support to our customers throughout this transition.

Since launching the "Take Back Old Hearing Aids" initiative in Australia, we have received over 1,000 hearing aids. Most of these devices were still in good working order and were subsequently donated to local charities. The remainder were sent back to our service center for further analysis.

With the increased sales of rechargeable hearing aids, we have also seen a rise in returned chargers. This year, we launched a project to analyze these returned chargers to enhance circularity. Insights from this analysis are used to improve product design and further support circularity efforts.

Engagement and Capacity Building

During Sustainability Week this year, we brought circular economy concepts to life for our colleagues in Denmark.

Sustainability Week is a week-long event held every May across our global offices. Its purpose is to inspire and empower employees to drive meaningful changes in their lives and communities.

One of the highlights this year was the "Future Foresight Workshop," hosted in the form of an art exhibition, using insights from the Ellen MacArthur Foundation. The workshop transformed our lobby with canvases showing signs of the circular transition, sparking conversations about the future. Employees talked with trend experts about their ideas for a circular future and how it would affect WSA. This mix of thinking, learning, and doing showed how caring for the environment and society are connected. It helped our colleagues, especially those not directly involved in circularity, understand and commit to sustainable practices.

METRICS

Waste	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Total waste generated	KG	1,233,917	N/A	N/A	N/A	N/A
Non-recycled waste	KG	249,425	N/A	N/A	N/A	N/A
	%	20	N/A	N/A	N/A	N/A
Hazardous Waste						
Hazardous waste	KG	97,654	97,657	53,268	42,987	33,894
Total hazardous waste incl. incineration, landfill and other disposal operations	KG	50,670	N/A	N/A	N/A	N/A
Hazardous waste for incineration	KG	22,545	20,422	20,883	21,925	N/A
Hazardous waste for landfilling	KG	6,122	N/A	N/A	N/A	N/A
Hazardous waste for other disposal operations	KG	22,003	N/A	N/A	N/A	N/A

§ Accounting Principles

Total waste generated
Sum of *Hazardous waste* and *Non-hazardous waste*. Waste is generally reported based on collection notes, invoices, reports from authorized waste vendors or supplemented with site-specific measurement. Our waste data includes our manufacturing sites – Singapore, Denmark, China, Poland, the Philippines and Mexico. WSA adopts the definitions for recycle, refurbish, repair and reuse used in the Ellen MacArthur Foundation.

Non-recycled waste
Sum of *Total hazardous waste incl. incineration, landfill and other disposal operations* and *Total non-hazardous waste incl. for incineration, landfill and other disposal operation*. The proportion is taken against *Total waste generated*.

Hazardous waste
Includes both solid and liquid hazardous waste generated at our manufacturing sites in Denmark, Singapore, China, Poland, the Philippines and Mexico. *Hazardous waste* is classified based on the biological, chemical and physical properties of the waste. Information is found on the Safety Data Sheets (SDS) and on local environmental legislations. The quantity of *Hazardous waste* is based on the forwarding notes from the authorized vendor.

Total hazardous waste incl. incineration, landfill and other disposal operations
Sum of *Hazardous waste for incineration*, *Hazardous waste for landfilling* and *Hazardous waste for other disposal operations*. This amount does not include *Total hazardous waste incl. preparation for reuse, recycling and other recovery methods*.

Hazardous waste for incineration[1]
Includes antifreeze fluids, gases in pressurized containers, paint, inks, adhesives, resins, and discarded organic chemicals. The Philippines and Mexico do not have such waste fraction.

[1] The historical data for this metric has been updated as we have shifted from reporting this metric as a percentage to providing the base figure in kilograms, which represents the raw data before any conversion to percentage.

PERFORMANCE

Hazardous waste [sent] for incineration increased by 10% this year. This fluctuation is due to our data collection process, which records the weight of our hazardous waste such as cooling fluids and chemical waste only upon collection by our waste management vendor. Collections occur when designated collection facilities reach full capacity, contributing to periodic variations in reported quantities. Some of the waste reported in this year have been generated in the previous FY but was not collected until this current year. We continue to evaluate our waste tracking methods to better capture ongoing data and enhance our waste tracking practices.

METRICS

Hazardous Waste (Cont'd)	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Total hazardous waste incl. preparation for reuse, recycling and other recovery methods	KG	46,984	N/A	N/A	N/A	N/A
Hazardous waste for reuse	KG	0	N/A	N/A	N/A	N/A
Hazardous waste for recycling	KG	46,984	N/A	N/A	N/A	N/A
Hazardous waste for refurbishment/repurposing	KG	0	N/A	N/A	N/A	N/A

§ Accounting Principles

Hazardous waste for landfilling
Includes items such as contaminated Bemcot, used syringes, rubber gloves, dirty paper products (sanitary napkins, tissue paper), defect LED lamps, light bulbs, used ball pens, markers, and face masks. In the Philippines, the waste is weighted by employees and handled by vendors. Denmark, Poland, China and Singapore do not currently have this waste fraction.

Hazardous waste for other disposal operations
Includes substances such as acetone, batteries, fire extinguishers, resin (harpix), fluorescent tubes and bulbs, oil, propanol alcohol, nitric acid, and waste oil. Our manufacturing sites in Denmark, Singapore, China, Poland, the Philippines and Mexico have this waste fraction.

Total hazardous waste incl. preparation for reuse, recycling and other recovery methods
Sum of *Hazardous waste for recycling, Hazardous waste for reuse*, and *Hazardous waste for refurbishment/repurposing.*

Hazardous waste for recycling
Includes but not limited to oil filters, waste paints and varnishes containing organic solvents and other hazardous substances, discarded organic chemical waste containing dangerous substances, acetone UN1090, fluorescent tubes and other mercury containing waste bulbs. China and Singapore do not have this waste fraction. Denmark, Mexico, the Philippines and Poland have this waste fraction.

Hazardous waste for reuse
None of our sites currently divert hazardous waste from disposal for reuse.

Hazardous waste refurbishment/repurposing
None of our sites currently divert hazardous waste from disposal for refurbishment/repurposing. Additionally, we do not have information on which types of waste could be considered suitable for refurbishment/repurposing.

PERFORMANCE

We are in the process of identifying waste to be categorized as suitable for reuse, refurbishment and repurposing. We are currently working with vendors and evaluating whether our waste type is suitable for this recovery method. At present, none of our hazardous waste is graded as reusable and able to be refurbished/repurposed.

METRICS

Non-hazardous Waste	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Non-hazardous waste	KG	1,136,263	1,071,317	807,416	676,305	549,208
Total non-hazardous waste incl. for incineration, landfill and other disposal operation	KG	198,755	N/A	N/A	N/A	N/A
Non-hazardous waste for incineration	KG	150,346	N/A	N/A	N/A	N/A
Non-hazardous waste for landfilling	KG	47,307	N/A	N/A	N/A	N/A
Non-hazardous waste for other disposal operations	KG	1,102	N/A	N/A	N/A	N/A

§ Accounting Principles

Non-hazardous waste
Includes defective hearing aids, paper packaging, waste from our manufacturing sites in Denmark, Singapore, China, Poland, the Philippines and Mexico, including office waste and pallets. Depending on the type of non-hazardous waste in question, the quantity is based on the forwarding notes to the authorized vendor or weight records kept by WSA. Total weight of certain types of non-hazardous waste in China, Singapore, Poland and Mexico are estimated based on samples. The quantity of non-hazardous waste from the China site has been included since 2020/21.

Total non-hazardous waste incl. incineration, landfill and other disposal operations
Sum of *Non-hazardous waste for incineration*, *Non-hazardous waste for landfilling*, and *Non-hazardous waste for other disposal operations*.

Non-hazardous waste for incineration
Includes mixed packaging waste, filtration materials, masks, and gowns, such as plastic-rubber etuis for hearing instruments, pallet stripes, label base tapes, and packing fillers. It also comprises office and social living waste that cannot be recycled, including waste PPE, polluted tissues, cotton swabs, and waste abrasive paper. The Philippines and Mexico do not have this waste fraction.

Non-hazardous waste for landfilling
Includes soiled paper, food scrap waste, napkin, paper cup, residual waste, common waste, canned waste and porcelain. Poland, China and Singapore do not have this waste fraction.

Non-hazardous waste for other disposal operations
Includes but not limited to solvents and solvent mixtures, sludges from paint or varnish containing organic solvents post construction work, installations, boxes with paint and others. China, the Philippines, Singapore and Mexico do not have this waste fraction.

PERFORMANCE

Our *Non-hazardous waste* increased by 6% compared to the previous year. The increase is attributed to non-hazardous waste generated at our China and Poland sites. It includes living waste in China that was not previously accounted for, and outdated user guides and packaging material from Poland.

METRICS

Non-hazardous Waste (cont'd)	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Total non-hazardous waste incl. preparation for reuse, recycling and other recovery methods	KG	937,508	N/A	N/A	N/A	N/A
Non-hazardous waste for reuse	KG	58,807	N/A	N/A	N/A	N/A
Non-hazardous waste for recycling	KG	878,702	739,599	657,759	404,413	N/A
Non-hazardous waste for refurbishment/repurposing	KG	0	N/A	N/A	N/A	N/A
Sustainable Materials						
Share of product packaging in FSC paper	%	81%	60%	47%	N/A	N/A

§ Accounting Principles

Total non-Hazardous waste incl preparation for reuse, recycling and other recovery methods
Sum of Non-hazardous waste for reuse, Non-hazardous waste for recycling and Non-hazardous waste for refurbishment/repurposing.

Non-hazardous waste for reuse
Includes but not limited to polyethylene (PE) plastic, Precious metal waste such as Palladium (Pd), Silver (Ag), Platin (Pt) and Gold (Au), pallets (wooden and plastic), components reels and trays. Only Mexico has this waste fraction.

Non-hazardous waste for recycling[1]
Includes but not limited to carton boxes from packaging, plastics, foils and wrapping foils, paper (office paper, shredded paper, user guides & leaflets), wooden pallets (incl. damaged), electric and electronic equipment, metals, glass packaging e-waste. Our main manufacturing sites in Denmark, Singapore, China, Poland, the Philippines and Mexico have this waste fraction.

Non-hazardous waste for refurbishment/repurposing
None of our sites currently divert *Non-hazardous waste for refurbishment/repurposing*. Additionally, we do not have information on which types of waste could be considered suitable for refurbishment/repurposing.

Share of product packaging in FSC paper
Total number of packaging includes user guides, manual, leaflets, carton boxes and packaging boxes. Each piece is counted as one packaging item. The share is calculated based on number of packaging in FSC paper divided by total number of packaging.

[1] For this report, the metric previously labeled as 'Non-hazardous waste sent for recycling' has been renamed 'Non-hazardous waste to recycling'. Additionally, we have shifted from reporting this metric as a percentage to providing the actual base figures. This change has also been applied to historical data for consistency.

PERFORMANCE

The increase in the volume of *Non-hazardous waste [sent] for recycling* is attributed to the activities at our Mexico and Poland sites. Mexico has diverted waste from landfilling to recycling following a change in their waste vendor, while Poland has increased the volume of recycled waste from its operations and distribution sites.

We achieved good progress in increasing the *Share of product packaging in FSC paper* through initiatives including restricting new non-FSC packaging, converting existing non-FSC packaging to FSC, and ensuring our suppliers are FSC-certified.

Social

Own Workforce

The goal of creating a "Wonderful Place to Work" is central to our purpose and strategic ambition. Prioritizing the well-being, development, and engagement of our employees is essential to our success. This commitment drives us to foster an inclusive, supportive, and innovative work environment where employees are empowered, motivated, and passionate about contributing to the success and growth of WSA.

	Performance FY2023/24	Ambition
Board of Directors identifying as women	13%	30% (2028)
Underrepresented gender in Executive Committee	22%	30% (2028)
Underrepresented gender in managerial roles	39%	45-50% (2028)
Total employee turnover	18%	12% (2025)
Total voluntary employee turnover	10%	6% (2025)
Employee engagement	7.9	8 (2025)

Statement on Share of Underrepresented Gender in Senior Management Bodies

WSA is committed to fostering gender diversity, particularly in leadership roles, as outlined in our Diversity, Equity, and Inclusion Policy. Since launching our DEI strategy in 2021, we have made incremental progress towards achieving gender balance. We have set global targets in our Short-Term Incentive Plan (STI), expanded Key Performance Indicators (KPIs) to include other identities, and engaged employees in DEI events and training. We have used 2023/24 to review the composition of the Board, with the focus of ensuring that we have the right skills portfolio and representation for the next phase of our journey. As part of this effort, we have actively sought candidates who can further enrich our Board's diversity and representation. We remain committed to our ambition of having a suitably diverse Board.

	FY2023/24
Supreme Governing Body (Board of Directors)	
Total number of members	8
Underrepresented gender %	13
Target figure in %	30
Target year	2028
Other Management Levels*	
Total number of members	3
Underrepresented gender %	33
Target figure in %	N/A
Years of achievement of target figures	N/A

* As the WS Audiology parent company had on average less than 50 employees in FY2023/24, it is exempt from the requirements in the Danish Financial Statement Act §99b to set a target and establish a policy for increasing share of underrepresented gender in senior management levels.

POLICY

Our employees are the foundation of our success. We are committed to providing a safe, healthy and inclusive work environment that fosters both professional growth and well-being.

To achieve this, we manage our impact on the workforce through policies that ensure fair treatment, respect for human rights, and a commitment to diversity & inclusion. Our policies, which are aligned with the UN Guiding Principles on Business and Human Rights, explicitly prohibit forced labor and child labor. They also promote fair and equitable working conditions, including fair compensation and freedom of association and collective bargaining, that allow employees to thrive.

We prohibit all discrimination or harassment and ensure equal opportunity for all employees, regardless of race, color, religion, national origin, gender, sexual orientation, age or disability. This is formalized in the WSA Code of Conduct, Diversity, Equity, and Inclusion Policy and Group Harassment-free Policy. Our actions and targets for gender diversity are outlined in the Diversity, Equity, and Inclusion Policy. While the policy applies to all employees, specific targets are set for BoD, EXCO, and people managers.

Learn more about our policies on pg 46

APPROACH

Health & Safety

Our health and safety standards comply with ISO standard and are maintained through our Environment, Health & Safety (EHS) Management System at Denmark, Singapore, China, Poland, and Mexico. We have a network of local EH&S officers at each manufacturing site, guided by the Global EH&S Officer at our Lynge headquarter. In practice, we reduce safety incidents by regularly evaluating our facilities, processes and equipment. We manage incidents, set targets, measure progress and conduct regular health and safety training and audits at our sites.

At WSA, we aim for zero accidents and believe that all accidents and work-related illnesses are preventable. Our objective is to establish a proactive safety culture, learn from our experiences and those of our peers, and integrate health and safety into all activities. We adhere to international standards and comply with all relevant legislation.

To achieve zero accidents, we monitor near-miss reporting and total work-related injury rates. The near miss rate provides insight into the effectiveness of our safety standards by measuring potential incidents, while the injury rate tracks the frequency of lost-time accidents per million hours worked. The results are presented monthly to the senior management team and displayed on a company-wide dashboard. We utilize data from engagement surveys and health and safety committees, including the Psychosocial Risk Indicator, to proactively identify high-risk units.

Employee Well-being

We recognize that well-being goes beyond health and safety. We are committed to improving the mental well-being of our employees and provide comprehensive benefits to support their overall well-being. We address workplace stress through management programs and promote health through sports and wellness initiatives. We offer flexible work schedules, remote work options and part-time positions. We provide family benefits including nursing facilities and offer paid leave to both primary and non-primary caregivers in accordance with country regulations and collective bargaining agreements.

Employee Benefits

Our commitment extends to providing immediate support and financial assistance to employees facing serious illnesses with the goal of a quick and smooth return to work. We provide subsidies for hearing aids for our employees and their families, as well as paid leave for family, maternity, compassionate, childcare, and caregiving. In addition, our standard insurance package includes hospitalization, screening and disability coverage, ensuring fair compensation in line with local norms. Retirement benefits, including pension plans, are part of our comprehensive compensation package and all employees are automatically enrolled unless otherwise required by local law.

Diversity, Equity and Inclusion (DEI)

We firmly believe in creating an inclusive environment that upholds the rights and dignity of every individual. To assess the impact of our DEI initiatives and track progress, we gather feedback through a bi-annual Pulse Survey and utilize the global DEI Dashboard tool to generate monthly reports on gender KPIs. Incidents involving discrimination, harassment, bullying and other unethical conduct could be reported through different reporting channels and the WSA Compliance Portal. We highlight our efforts at driving change by having a global gender target in our Short-Term Incentive Plan (STI) and through the DEI networks with members from our global sites.

Performance and Rewards

Our compensation strategy is designed to support long-term growth and is aligned with both the Group's performance and sustainability goals. Our compensation structure includes fixed salaries and variable components tied to annual performance based on financial, sustainability, and strategic metrics. This applies to the Board of Directors, senior executives, and some employees. Furthermore, all employees receive compensation packages based on market benchmarks relative to their respective job levels. We adhere to the Mercer Salary Grading Framework to ensure that our salary development is aligned with market conditions and to attract talent.

A structured compensation process is in place to ensure transparency, with two levels of approval for salary changes in line with the four-eyes principle. Salaries for senior executives are approved by the Compensation Committee comprising Board members, while EXCO salaries are reviewed by the CHRO and the CEO. Additionally, performance-based appraisals are utilized for employee growth. Our People Dialogue process is an annual, iterative process where employees and leaders receive feedback on their performance and development gaps in alignment with the company's objectives.

APPROACH

Employee Experience & Engagement

Engaged employees are fundamental to our values of Pioneering for Better Solutions, Passion for Impact and Going Beyond Together. They are the driving force behind WSA's success.

At WSA, we engage our workforce and their representatives to understand and address the impacts of our operations. This commitment entails regular dialogue and feedback mechanisms to ensure their voices are heard and considered in our decision-making processes. These include:

- Heartbeat Survey – Annual anonymous survey available in multiple languages and used to improve various aspects the workplace environment including leadership, culture, environment and general well-being.
- Employee Resource Groups – Channels used as means to evaluate the effectiveness of our initiatives, monitor progress and identify areas for improvement.
- European Worker's Council (EWC) and various local Worker's Council – Ensure employee concerns are addressed, and their rights are protected across all our operations.
- People Dialogue – Continuous feedback process between managers and employees, encouraging a transparent and honest assessment of individual impact in the context of the business goals

Developing Talent

We empower our people to pursue developmental opportunities through internal and external initiatives. To demonstrate our commitment to employee development, we continue to invest in offering opportunities like LinkedIn Learning and leadership training programs. Our Global Graduate Program is aimed at building a pipe of young professionals as the next generation of innovators and long-term leaders.

Human Rights

Our human rights approach is designed to identify, mitigate, and remediate potential impacts in alignment with International Labour Organization (ILO) standards. We identify risks through internal assessments and audits carried out by the EH&S team, covering health and safety, diversity and equity, and other human rights topics. To mitigate these risks, we implement targeted action plans and provide training to relevant internal stakeholders. In the event of non-compliance, we take prompt corrective action. This involves conducting investigations, engaging with affected stakeholders, and developing remediation plans. These plans include detailed action items, timeframes, and responsible parties to address the identified issues.

Salient Human Rights Issues	Own Operations	Supply Chain
Occupational health, safety and security	✓	✓
Violence and harassment	✓	✓
Non-discrimination and equal opportunity	✓	✓
Freedom of association and collective bargaining	✓	✓
Forced labor	✓	✓
Working conditions: working hours and wages & benefits	✓	✓
Young workers and child labor	✓	✓
Grievance mechanisms and access to remedy	✓	✓
Access to healthcare and right to science	✓	
Responsible marketing and sales	✓	
Product quality and safety	✓	
Sourcing from conflict-affected and high-risk areas		✓

We assess the nature and extent of exposure to human rights risk in our own operations and supply chain. Salient human rights issues are identified based on a human rights assessment conducted by external human rights experts. It covers the full scope of WSA's global operations and value chain, from supply chain to sales, marketing and distribution. The assessment is based on internal and external stakeholder interviews and documentation review. The assessment also defines each of the salient human rights issue and its implications for WSA.

Learn more about our human rights approach in our supply chain on pg 78

Grievance Channels and Access to Remedy
WSA is committed to fostering an environment where our employees can raise concerns or issues about business ethics and other topics without fear of retaliation. Grievances and complaints may be reported through our Business Keeper Monitoring System (BKMS) portal. Access to remedy is a fundamental aspect of ensuring justice and protection for all individuals within the workplace. It allows for recourse to be sought in the event of any rights violations, thereby promoting a fair and equitable workplace environment.

Learn more about our whistleblower system on pg 86

ACTIONS

Human Rights
This year, we enhanced our human rights due diligence program, extending its scope to cover our operations. Our EH&S team integrated the Code of Conduct audit into our internal EH&S audit process. The newly comprehensive audit now includes health and safety, diversity and equity, and other human rights topics, reflecting our comprehensive approach to these critical areas.

We also rolled out the first phase of our human rights training to relevant site managers representing China, Singapore, Denmark and Mexico. To further engage our employees on this topic, we have developed a human rights board game, "Conundrum," which is used during training and can also be played at employees' leisure. A total of six sets were printed and placed at each of our production facilities, where there is a higher risk of human rights issues occurring. The game presents a series of human rights-related business dilemmas that mirror real-life scenarios employees may encounter in their daily work. The objective of the game is to reconcile theoretical concepts with real-life applications. The next phase of the training program will be implemented for employees in non-production roles in countries with a high risk of human rights violations.

Our Awards

Aligned to our strategic ambition of creating a Wonderful Place to Work, we have made great progress on our Culture Journey, clearly demonstrated by the consistent improvement in our engagement score and the Great Place to Work accolades received by some of our countries around the world.

In parallel, the HR function has been reviewing, aligning, and benchmarking our people processes and employment practices to ensure that we can attract, develop, and engage our colleagues in a meaningful and wonderful way. We wanted to validate our progress in this aspect against an international standard. For this we have partnered with Top Employers Institute, a certification body that accredits companies who demonstrate exceptional people practices, talent management, and employment practices.

This year, our locations in Germany, Singapore, and USA, as well as our headquarter in Denmark were awarded the Top Employer Seal for 2024.

To receive the Top Employer Certification, companies must undergo a rigorous assessment that evaluates various areas, including talent strategy, workforce planning, onboarding, learning and development, performance management, compensation and benefits, well-being, engagement and other with defined international standards. This award, places us amongst 168 employers in the healthcare industry.

We will also continue with the Great Place to Work certificate in our smaller locations where they do not have the full HR template implemented.

ACTIONS

Inclusive Leadership Culture
Our leaders are a key enabler to unleashing the potential of our employees and are at the heart of the employee experience.

Our DEI strategy and our values are strongly aligned to our purpose of Wonderful Sound for All and acts as the anchor for how we develop our leaders to create a culture of inclusion and belonging where colleagues can thrive.

This year, we launched WonderfulYOU, our inclusion & belonging initiative which encompasses the aims of our DEI strategy to educate, celebrate, and create a sense of belonging, empowering our colleagues to thrive in a psychologically safe environment. Put simply, the Inclusion & Belonging initiative provides a framework that builds upon the five-core inclusion and belonging mark events that we focus on at WSA: Neurodiversity, (Dis)abilities, Gender, Race & Ethnicity, LGBTQIA + Pride.

Employer Attractiveness
As we strive to establish ourselves as the clear market leader in our industry, we understand the importance of a quality and equitable candidate experience.

This meant that after a few years of development, we evolved our recruitment and selection practices to be a more data-driven selection process using a competency-based assessment approach.

Recognizing that as human beings, we all have unconscious biases that can be improved, our goal is to change these habits when it comes to interviewing and standardize our hiring process to create greater transparency and fairness.

Employee Experience & Engagement
Employee engagement is a key indicator for the achievement of our overall People and Culture aspiration of Creating a Wonderful Place to Work. To track the progress of our employee engagement, we rely on the WSA Heartbeat Survey - an annual survey of the workplace. This year, 9,500 employees participated, yielding an 84% response rate. The survey concluded with a score of 7.9 which reinforces the positive trend on our engagement over the past years and puts us in the top 25% of the Health Care Equipment and Services industry.

We are pleased to report a positive trend in our employee Net Promoter Score (eNPS), with an improvement of one point resulting in an eNPS of 29.

HR Excellence
WSA's HR policies and practices impact over 12,000 employees who directly or indirectly impact many people through the work they do across our value chain.

We are therefore continuously reviewing our practices to limit any negative impact our own employees that can have an impact on how they perform their roles.

This year we worked with Top Employer Institute to benchmark our people practices against industry standards, across our selected sites as a complement to our ongoing internal audit and assessments. All four of our key sites were awarded the Top Employer Seal for 2024 which affirms that our practices are of a high standard for our industry.

7.9

Engagement score

Top 25% of Healthcare - Health Care Equipment & Services globally according to Workday Peakon Employee Voice.

"At WSA, we believe that diversity is our strength and that every individual's unique background and experiences contribute to our collective success. WonderfulYOU is our initiative to acknowledge and celebrate the rich tapestry of identities among our colleagues"

NICOLAI JENSEN,
Chief Human Resources Officer.

ACTIONS

Health and Safety

Health and safety remain a fundamental aspect of our operational excellence. This year, we advanced our commitment to safety to the next level by implementing new measures, strengthening our safety culture, and driving continuous improvement across our Denmark, Mexico, China, Poland and Singapore operational sites.

Our key global achievements include:

- Reduced the number of recordable incidents through our Near-Miss Campaign.
- Successfully trained employees at all levels in first aid and fire safety, enhancing our workplace safety and emergency preparedness.
- Established workplace safety committees in Denmark, Mexico, China, Poland and Singapore with the objective of creating more streamlined processes for employees to raise concerns.

Denmark

- Ensured that all production shifts are covered by occupational environment representatives, thereby guaranteeing access for all employees.
- Enhanced workplace safety and ergonomics through consultations, webinars, and exercise materials.
- Trained employees in first aid and fire safety, enhancing safety and emergency preparedness.

Mexico

- Developed a near miss management system with monthly awards for top reports.
- Implemented a series of safety programs, including those focused on emergency response, forklift safety, and chemical management.
- Prepared for ISO 45001 certification.

China

- Achieved zero-accident and ill-health cases.
- Established Safety Champions for daily inspections.

Poland

- Held monthly Management Review meetings to address health and safety issues promptly.
- Enhanced EHS processes and provided training to employees at all levels.

Singapore

- Implemented Quick Kaizen and One-Point-Lesson on the production floor to improve health and safety.
- Conducted bi-weekly audits by specialists and managers to reinforce safety and environmental practices.
- Line leaders were appointed as Safety Ambassadors to conduct pre-shift workplace inspections.

METRICS

Characteristics of the Undertaking Employees	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Total number of employees	Number	12,291	N/A	N/A	N/A	N/A
Employees gender balance						
Female	%	58	N/A	N/A	N/A	N/A
Undefined	%	0.3	N/A	N/A	N/A	N/A
Total employees by country						
Singapore	Number	1,192	N/A	N/A	N/A	N/A
U.S.	Number	2,519	N/A	N/A	N/A	N/A
Gender distribution of FTE						
Female	Number	7,044	N/A	N/A	N/A	N/A
Undefined	Number	41	N/A	N/A	N/A	N/A
Total employee turnover	Number	2,144	N/A	N/A	N/A	N/A
	%	18	25	23	22	19
Voluntary employee turnover	%	10	12	13	14	9

§ Accounting Principles

Total number of employees
The *total number of employees* in the organization, includes both part-time and full-time workers. We capture all our people data in SuccessFactors as of last day of FY. Employees that are not registered in SuccessFactors are excluded.

Employees gender balance[1]
There are 3 categories under Gender, including Male (M), Female (F) and Undefined (U). This is calculated based on our workforce number and captured in SuccessFactors as of last day of FY. Employees that are not registered in SuccessFactors are excluded.

Total employees by country
Workforce, number of employees by countries with 50 or more employees and representing at least 10% of its total number of employees. We capture all our people data in SuccessFactors as of last day of FY. Employees that are not registered in SuccessFactors are excluded.

Gender distribution of FTE[1]
Includes all full-time workers in the organization. We capture all our people data in the SuccessFactors system as of last day of FY There are 3 categories under 'Gender', including Male (M), Female (F) and Undefined (U). Employees that are not registered in SuccessFactors are excluded.

Total employee turnover[2]
Total number of permanent employees who leave the organization within a 12-month period divided by average headcount, who have working contracts by the last day of the FY. Employees that are not registered in SuccessFactors are excluded.

Voluntary employee turnover[2]
Total number of permanent employees who voluntarily leave the organization within a 12-month period divided by average headcount of the FY. Permanent employees refer to regular employees who have working contracts by the last day of the FY. Employees that are not registered in SuccessFactors are excluded.

[1] An "undefined" gender indicates that the employee either reported their gender as something other than male or female, or that gender data is unavailable for that employee.
[2] The average headcount for the FY is now used to calculate this metric, replacing the previous method of using the number of employees captured at the end of the FY.

PERFORMANCE

Our attrition performance, both voluntary and involuntary, has improved over last year. By analyzing attrition data trends, employee engagement surveys and external benchmarks, we took a data-driven approach to identifying key locations and employee groups with the highest turnover. This analysis enabled us to develop more effective and targeted retention strategies, including the introduction of enhanced learning and development programs, employee recognition programs, open communication and feedback channels, and the establishment of employee resource groups.

METRICS

Collective Bargaining Coverage and Social Dialogue	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Employees covered by Collective Bargaining Agreements	%	14%	N/A	N/A	N/A	N/A
Employees under Collective Agreements by country						
Singapore	Number	589	N/A	N/A	N/A	N/A
U.S.	Number	0	N/A	N/A	N/A	N/A
Incidents of Complaints and Severe Human Rights Impacts						
Number of total harassment and discrimination cases	Number	57	68[1]	N/A	N/A	N/A
Employee Engagement						
Employee engagement	Number	7.9	7.9	7.6	7.2	65%

§ Accounting Principles

Employees covered by collective bargaining agreements
Collective Bargaining Agreement (CBA) is the written legal contract between the employer and the union representing the employees. All employee information is on SuccessFactors. The CBA are determined by multiple criteria by local HR who are versed in the local employment laws, which includes but is not limited by local country CBA, classified based on the Job Level of the employee, based on the technical and labor work performed, education and others. Percentage of employees under collective bargaining agreement in the country is calculated by the number of employees under Collective Bargaining Agreements in the country divided by total number of employees. The data is captured at the end of FY. Employees that are not registered in SuccessFactors are excluded.

Employees under collective agreements by country
The Collective Bargaining Agreement (CBA) is the written legal contract between the employer and the union representing the employees. Countries that have over 50 employees and at least 10% of the total number of employees are included in the count. The data is captured at the end of FY. Employees that are not registered in SuccessFactors are excluded.

Number of total harassment and discrimination cases
Total number of harassment and discrimination cases reported through official channels – BKMS portal, Tell-Us mail inbox, reports submitted to managers and reports submitted to HR or Legal teams. The BKMS system allows for employees to select a category that is most applicable – corruption & bribery/breach of competition law, money laundering/embezzlement, Fraud or breach of trust, books and records violations/insider trading, violation of data privacy or data security provisions, discrimination harassment/bullying, and other violations. This allows us to correctly track and classify incidents. Our Group Harassment-free Policy is available on our internal employee portal and in our website. Employees that are not registered in SuccessFactors are excluded.

Employee engagement
Employee engagement score is a computed score based on the key drivers of engagement defined by the selected engagement platform. Starting from 2020/21, the employee engagement survey was facilitated by Peakon and based on their methodology. The scoring scale is 0-10. The engagement score is derived based on the average score of the main engagement question – "How likely is it that you would recommend WS Audiology as a place to work?" to 100% of the employees.

[1] The *Number of total harassment and discrimination cases* for 2022/23 has been restated from 45 to 68 due to an outage with our BKMS reporting system, which had caused some cases to be omitted.

PERFORMANCE

In 2023/24, a total of 57 *Harassment and discrimination cases* were reported, of which 16 were substantiated, and one remains under investigation.

Following a review of our BKMS reporting system, we revised the 2022/23 total to 68 cases from the originally reported 45, as 23 additional cases were previously unreported due to a system outage.

Of the 68 cases reported in 2022/23, 2 were substantiated within that year, with an additional 17 substantiated retrospectively.

METRICS

Diversity	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Board of Directors	Number	8	N/A	N/A	N/A	N/A
Board of Directors identifying as women						
Female	%	13%	20%	N/A	N/A	N/A
Board independence						
Independent	%	38%	50%	N/A	N/A	N/A
Non-independent	%	63%	50%	N/A	N/A	N/A
Executive Committee	Number	9	N/A	N/A	N/A	N/A
Unique nationalities in Executive Committee	Number	7	6	N/A	N/A	N/A
Underrepresented gender in Executive Committee						
Female	%	22%	22%	N/A	N/A	N/A
Undefined	%	0%	0%	N/A	N/A	N/A

§ Accounting Principles

Board of Directors identifying as women
The Board of Directors (BoD) is the highest governance body of WS Audiology. The count is based on a document prepared by Finance team and shared for commenting by individual members of the BoD. This calculation includes the percentage of women divided by the total number of members in the BoD.

Board independence
An independent board member is defined as someone without any significant financial or personal ties to the company that could affect their impartial judgment. We consider non-executive members of the BoD as independent board members. The number of Board members and independent Board members are captured on the last day of the FY.

Unique nationality in Executive Committee
The number of unique nationalities among EXCO members. The data is captured on SuccessFactors on the last day of the FY. Employees that are not registered in SuccessFactors are excluded.

Underrepresented gender in Executive Committee[1]
This calculation includes the number and percentage of female and of the undefined gender in EXCO. The data is captured on SuccessFactors on the last day of the FY. Employees that are not registered in SuccessFactors are excluded.

[1] An "undefined" gender indicates that the employee either reported their gender as something other than male or female, or that gender data is unavailable for that employee.

PERFORMANCE

We have used 2023/24 to review the composition of the Board, with the intentional focus of ensuring that we have the right skills portfolio for the next phase of our journey. We remain committed to our ambition of having a suitably diverse Board and will continue to leverage opportunities to achieve this ambition, as they become available.

METRICS

Diversity	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Underrepresented gender in managerial roles						
Female	%	39	37	39	37	38
Undefined	%	0	1	N/A	N/A	N/A
Employee age						
Under 30	Number	2,496	N/A	N/A	N/A	N/A
30 - 50	Number	7,390	N/A	N/A	N/A	N/A
Above 50	Number	2,405	N/A	N/A	N/A	N/A

§ Accounting Principles

Underrepresented gender in managerial roles[1]
Consists of all managers with direct reports. Total percentage of female and undefined (people who did not declare their gender or have a gender different from female and male among all managers with direct reports). The data of employees with direct reports is captured on SuccessFactors on the last day of the FY.

The percentage of females in managerial roles is defined by the number of females with one or more direct reports divided by the total number of people in managerial positions.

The percentage of undefined gender is the number of undefined gender with one or more direct reports divided by total number of people in managerial positions. Employees that are not registered in SuccessFactors are excluded.

Employee age
Based on workforce count of employees captured on SuccessFactors on the last day of the FY. Employees that are not registered in SuccessFactors are excluded.

PERFORMANCE

In addition to low attrition rates, we have seen an increase in the hiring and promotion of underrepresented gender individuals into managerial roles. This has led to an increase in overall diversity in senior management positions captured in *Underrepresented gender in managerial roles*.

[1] An "undefined" gender indicates that the employee either reported their gender as something other than male or female, or that gender data is unavailable for that employee.

METRICS

Health and Safety	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Workforce covered by health and safety management systems	%	86	N/A	N/A	N/A	N/A
Fatalities	Number	0	0	0	0	0
Rate of recordable work-related accidents	Number	0.27	0.53	1.85	1.96	N/A
Number of recordable work-related accidents	Number	2	4	11	11	10
Cases of recordable work-related ill-health of employees	Number	0	N/A	N/A	N/A	N/A
Employee days lost due to work-related injuries and health issues	Number	6	N/A	N/A	N/A	N/A

§ Accounting Principles

Workforce covered by health and safety management systems[1]
The percentage of employees covered under the EHS Management System certified under ISO 45001. Calculated as the headcount number of employees covered by a certified EHS Management System, divided over the total headcount of employees at our manufacturing sites, including Denmark, Poland, China, Singapore, and Mexico. The headcount numbers are captured as of the last day of FY.

Fatalities[1 2]
The total number of fatalities of employees and 3rd parties resulting from work-related injuries and work-related ill-health. The data refers to Denmark, Poland, China, Singapore and Mexico. In case of a fatality, the local EH&S Officer will inform the Global EH&S Officer of the circumstances surrounding the incident.

Rate of recordable work-related accidents[1]
Work-related injuries and fatalities. Data is consolidated from Denmark, Singapore, Mexico, China and Poland. Rate of recordable work-related accidents is number of recordable work-related injuries multiplied by 1,000,000 and divided by the number of hours worked. The number of hours worked is recorded in HR's IT system.

Cases of recordable work-related ill-health of employees[1]
Work-related ill-health can include acute, recurring, and chronic health problems caused or aggravated by work conditions or practices. These may include but are not limited to musculoskeletal disorders, skin and respiratory diseases, malignant cancers, diseases caused by physical agents (e.g., noise-induced hearing loss), and mental illnesses (e.g., anxiety, stress). Data is consolidated from Denmark, Poland, China, Singapore and Mexico by the end of FY. In FY2023/24, WSA adopted the OSHA 1904.5 Standard for the determination of ill-health.

Employee days lost due to work-related injuries and health issues[1]
The number of days lost due to work-related injuries, work-related ill-health and fatalities. The data refers to Denmark, Poland, China, Singapore and Mexico and collected at the last day of the FY. The information of absence is collected via actual leave for Singapore, Denmark and it does not include weekends and holidays. For Mexico, Poland and China, the absence length is registered based on the determination from the official social security medical leave note including weekends and holidays.

PERFORMANCE

86% of our workforce is covered by a certified EHS Management System. Our sites in Denmark, Singapore, China and Poland have been certified under ISO 45001. The Mexico manufacturing site has established and successfully implemented an EHS Management System and awaits a 3rd party certification.

There were zero *Fatalities* reported this year, maintaining our record from previous years.

In 2023/24, we achieved progress in strengthening workplace safety across the Group. We successfully reduced work-related injuries from four incidents in the previous year to two and lowered our incident rate from 0.53 to 0.27. This improvement highlights our commitment to creating and maintaining a safe working environment for all employees.

The two minor incidents that occurred this year at our Singapore site were promptly addressed with targeted corrective actions. In the first incident, a minor hand injury led us to implement enhanced training and update our operational instructions to prevent recurrence. The second incident involved accidental exposure to isopropyl alcohol, prompting us to replace the liquid solution with wipes to eliminate similar risks.

[1] The Philippines manufacturing site is not owned by WSA, but subcontracted to IMI where WSA has no direct employees. All incidents, accidents, ill-health or days lost at the Philippines site are reported and handled according to IMI's own processes and local legal requirements.
[2] We have restated this figure to reflect the inclusion of third-party data within our reporting scope. The past years' figures remain at '0' when third parties are considered.

Social

Workers in the Value Chain

Ensuring fair treatment and well-being of all workers involved, from suppliers to distributors, is fundamental to our values and success. This commitment underscores our dedication to ethical practices and the positive impact we strive to make throughout the entire lifecycle of our products.

POLICY

At WSA, we are committed to the prevention, mitigation, and resolution of actual or potential negative impacts across our entire value chain, both upstream and downstream. These impacts include, but are not limited to, labor rights, working conditions, health and safety, and equal treatment and opportunities. Recognizing our role in improving the lives of workers within our supply chain, we proactively implement measures to prevent harmful practices and manage risks.

To enhance visibility and accountability throughout our value chain, we align with international standards, maintain a robust due diligence program, and foster strong partnerships with our stakeholders. Our Supplier Code of Conduct sets forth clear expectations for our suppliers, who are required to sign and adhere to these standards. Additionally, our Human Rights Policy addresses critical issues such as forced labor and child labor, reaffirming our commitment to eradicating these practices within our value chain.

Learn more about our policies on pg 46

APPROACH

WSA's global supply chain involves thousands of suppliers, which presents potential sustainability and reputational risks. These risks include non-compliance with human and labor rights, occupational health and safety standards, and environmental regulations. We recognize that mismanagement in these areas can adversely affect those involved in our value chain. To address these issues, we have established clear expectations, policies, and procedures for managing these risks. These policies are designed in accordance with the United Nations Guiding Principles on Business and Human Rights and in compliance with the requirements of the German Supply Chain Due Diligence Act (SCDDA).

Respecting human rights along the supply chain is firmly anchored in our Supplier Due Diligence program. Procurement and Sustainability teams are responsible for implementing necessary measures to ensure we have a clear view of our human risks in the supply chain.

Our supplier due diligence process begins by establishing clear expectations with our suppliers through our Supplier Code of Conduct. Each year, we conduct a risk assessment to identify suppliers at high risk of non-compliance based on factors such as country, category and spend. High-risk suppliers are audited every two years by third-party auditors to ensure adherence to our standards. The audit program covers all salient issues identified in our human rights risk assessment, including EHS topics. The audit program follows the standards we set in the Supplier Code of Conduct.

The audit process involves walkabouts, workers' interviews, and reviews of documentation. If a non-compliance is identified during the audit, suppliers are required to remedy the negative impact by stating their correction plans accompanied by an agreed timeframe. A remedy is considered effective when it meets our criteria for mitigating the identified risk and preventing its recurrence. If partners repeatedly fail to comply with or intentionally ignore these plans, we reserve the right to terminate the supplier relationship. For contract workers on-site, we conduct internal audits to ensure that human rights due diligence and other key topics are addressed. These audits are conducted by certified auditors from our EH&S team.

We encourage our stakeholders to raise any concerns or issues they may have regarding business ethics, human rights, or labor-related rights without fear of retaliation.

Per EU Batteries Regulations, we conduct surveys to ensure responsible sourcing of critical minerals. We incorporate this into a larger process involving a dedicated team whose role is to collect conflict mineral reports from suppliers whose supply chains are prone to human rights violations.

Onboarding → Risk screening → Audit → Improvement

ACTIONS

Based on our supplier risk assessment, six suppliers were identified for due diligence. Two were audited for compliance with the WSA Supplier Code of Conduct, while the other four presented satisfactory audit reports based on Responsible Business Alliance (RBA) or Sedex SMETA standards, compatible with our Supplier Code of Conduct. While we strive to ensure supplier compliance, we also minimize the audit burden on them.

In addition, this year we have expanded our due diligence process to include battery suppliers, in accordance with the EU Battery Regulations, which set out the requirements for the sourcing of sensitive minerals. Thus far, we have not identified any significant impacts.

Implementation of the Supplier Code of Conduct

Supporting Policies:
- WSA Code of Conduct
- Human Rights Policy
- Whistleblower Policy
- Environmental Health & Safety Policy
- Diversity, Equity, and Inclusion Policy
- Group Harassment-free Policy

Processes, Training, and Communication:
- In person policy training
- Physical human rights board game for all employees
- Policies translated in multiple languages
- In-person policy training
- Supplier Code of Conduct procedures
- Supplier compliance assurance procedures
- Reporting and investigation of non-compliance cases

Social

Consumers and End-users

At WSA, our goal is to improve people's health, well-being and quality of life by striving to unlock human potential by making wonderful sound a part of everyone's life. Delivering quality products and service is critical, and we are committed to maintaining the highest standards of safety, reliability, and performance, as well as ensuring that each product meets stringent regulatory requirements.

POLICY

It is essential that our medical devices are manufactured to the highest standards to ensure patient safety and product efficacy. We recognize the importance of providing clear and accurate information about our products, which is crucial for both regulatory compliance and consumer trust. We are committed to maintaining compliance with regulations in all jurisdictions where we operate, ensuring the production of top-quality products.

Our established procedures and policies are designed to meet regulatory requirements, and we continuously monitor and report on our compliance to ensure ongoing adherence. Our multi-site Quality Management System (QMS) is certified under ISO 13485, demonstrating our commitment to maintaining the highest standards of quality and safety. This certification guarantees that our processes are rigorously controlled and consistently applied, ensuring that our products are safe, reliable, and effective.

Learn more about our policies on pg 46

APPROACH

Our priority will always be product safety and efficacy. To that end, we are committed to continuously improving our quality control measures to minimize risks.

WSA adheres to stringent requirements of the EU Medical Device Regulation (MDR) (Regulation (EU) 2017/745), which replaced the previous Medical Devices Directive (MDD). The MDR introduces significant changes, including stricter oversight of manufacturers by notified bodies, the requirement for Unique Device Identification (UDI) marking, and enhanced post market surveillance activities. These changes ensure that our medical devices meet high safety and performance standards throughout their lifecycle. Our Designated Person Responsible for Regulatory Compliance (PRRC) oversees adherence to medical device regulations, ensuring that our products consistently meet the required safety and performance standards.

We have dedicated teams that ensure all product information, from packaging to instruction manuals, complies with the legal standards applicable to our business. These teams ultimately report to the Chief Operating Officer.

Our approach also includes proactive measures to remediate any negative impacts on consumers or end-users. We provide dedicated channels for consumers to access support or lodge complaints:

- Consumer Helpdesk serves as a centralized point of contact where individuals can seek assistance or report any issues they encounter with our products or services.
- Compliance Portal, a resource specifically tailored to address regulatory compliance matters and ensure adherence to industry standards.

Additionally, we are committed to rigorous vigilance reporting activities, ensuring that any adverse events or product issues are promptly reported to the relevant regulatory authorities. This vigilance is crucial for maintaining the highest standards of safety and compliance in the medical device industry.

In the event of any issues being raised, we conduct investigations, ensure transparent communication, and take action to address and rectify them. Through these channels, we respond to immediate concerns and engage with feedback to continuously improve our offerings and processes.

WSA assesses its impact on customers and end-users by tracking customer satisfaction using the Net Promoter Score (NPS). In addition to partnering and engaging in direct conversations with customers, we also monitor complaints and incidents reported to WSA.

Moreover, our R&D efforts are concentrated on identifying and addressing unmet needs, collaborating with healthcare professionals, and leveraging data analytics to gain insights into consumer preferences and market trends. We are committed to enhancing our products in line with key consumer value drivers, including aesthetics, to reduce stigma, improve ease of use, enhance sound quality, and reinforce reliability. Our worldwide team of sales representatives and hearing care professionals (HCPs) assist in selling our solutions through various channels such as retail, online platforms, and managed care. The operational and regulatory departments within WSA also aid customers effectively through service and maintenance agreements. These teams work in tandem to deliver our purpose of Wonderful Sound for All.

To ensure the veracity of marketing claims, we maintain a claim management practice that establishes the claim type and required data substantiation. Each claim and supporting substantiation is listed in an Approved Claims List. Furthermore, each product launch is documented with a clinical evaluation. We ensure that the product safety manual for each product is included in the package to every consumer who purchases our hearing devices.

At WSA, we equip our staff with comprehensive training to effectively engage end users of our hearing aids. This includes workshops on advanced communication techniques, product knowledge sessions to ensure they understand the latest hearing aid features and benefits, and empathy training to better connect with customers. We also provide hands-on experience with our products and continuous professional development opportunities to keep our staff updated on industry trends and best practices. This approach ensures our team can deliver exceptional customer service, tailored advice, and empathetic support to enhance the overall user experience.

ACTIONS

In 2024, we improved our Net Promoter Score (NPS), reflecting an increase in customer satisfaction. This success is attributed to the efforts of our sales representatives, the quality of our hearing aids, and our customer service. These improvements were seen across all regions, highlighting our collective dedication to enhancing the customer experience and our commitment to excellence.

We also advanced our operational capabilities with the implementation of a new Integrated Business Planning (IBP) Tool for Demand Planning and Forecasting. This tool enables us to more accurately anticipate customer needs and facilitate collaboration across different functions, thereby enhancing our efficiency and responsiveness.

We continuously strive to enhance our products based on key consumer value drivers such as aesthetics to reduce stigma, ease of use, sound quality, and reliability. These efforts were recognized with several prestigious design awards in 2024, including the Red Dot Design Award for our Signia Silk Charge & Go IX and the German Design Award for our Widex SmartRIC.

We recorded zero incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling.

BICORE B-LI Rugged – Redefining Durability in Hearing

REXTON

At WSA, "quality" is a multifaceted cornerstone of every product development process, encompassing sound quality, ease of use, wearing comfort, and product lifetime. Addressing the durability aspect, we introduced the Rexton BICORE B-LI Rugged, a hearing aid that sets a new standard for robustness and resilience.

Superior Durability
The Rugged is compact and water-resistant, capable of handling immersion for 30 minutes at a depth of 2 meters. Its thick housing and internal suspension can withstand drops up to 2 meters, while a scratch-resistant finish maintains its appearance.

Performance in Adverse Conditions
Engineered to perform under tough conditions, the Rugged resists damage from sweat, salts, and oils, making it ideal for active users.

Social

Awareness, Affordability, Accessibility

More than 1.6 billion people worldwide suffer from hearing loss. However, less than 20% of those who need treatment are fitted with hearing aids, despite the negative impact of hearing loss on individuals and society. At WSA, our priority is to break down barriers and increase awareness, access and affordability.

	Performance FY2023/24	Progress towards target	Ambition
Additional people that become aware of hearing loss through WSA online and offline screening platforms	2.3m	58%	>4 million (2028)
People equipped with hearing devices	4.1m	75%	>5.5 million (2028)
People equipped with affordable hearing devices	1.4m	70%	>2 million (2028)

APPROACH

Increase Awareness

We make people aware of hearing health and to provide hearing solutions that meet their individual needs. There is a significant unmet need among the millions of people living with hearing loss, who are unaware of the hearing health solutions and options that could meet their personal needs. Furthermore, there is a social stigma attached to wearing hearing aids. To increase awareness, it is our belief that the industry has a responsibility to address the stigma surrounding hearing health through open and honest conversations. Furthermore, we believe that innovative design and iconic form factors can help address stigma by making hearing aids even more discreet and appealing. We believe that we can make a meaningful impact by developing strong, recognizable, and relatable consumer-facing brands.

Expand Access

We facilitate access to hearing solutions. There is considerable variation in the availability of hearing healthcare infrastructure from country to country. In some countries, traveling to see a hearing care professional or to pick up a prescribed solution can entail a lengthy journey, and, in some cases, it may not be feasible. Globally, only about 20% of people with hearing loss receive any kind of hearing treatment today. We want to close this gap and make it easy for people to get hearing solutions wherever they are.

Tackle Affordability

We make relevant hearing solutions available to all people through technology and commercial innovation. In most countries, the penetration of hearing health services is very low. A major driver is the affordability of hearing health solutions. Public reimbursement schemes and insurance play an important role in increasing affordability. Fortunately, things are moving in the right direction. More and more people around the world are becoming insured or eligible for reimbursement. However, as a leader in the industry, we need to drive change. Through technology and commercial innovation, we are making relevant hearing solutions available to more people every year.

ACTIONS

Case study: WS Audiology in India – Enhancing Awareness and Accessibility

India, with its vast population of 1.4 billion people, presents a unique set of challenges and opportunities for hearing care. According to the World Health Organization (WHO), approximately 63 million Indians are affected by some form of hearing impairment. Despite this figure, only 0.5% of those affected have sought help, and within this small group, just 10% use hearing aids. This highlights a significant gap in hearing care and underscores the urgent need for increased awareness and intervention.

Our commitment to WSA India has established a strong operational presence in India, underscored by the opening of a new Research and Development Center in Hyderabad. This center is a testament to WSA's commitment to innovation and the cultivation of local talent. WSA India has a strong team of over 300 employees across multiple functions, including R&D, sales, marketing, and customer service. This comprehensive setup enables WSA India to address the diverse needs of the Indian market in an effective manner.

One of the core objectives of our operations in India is to raise awareness about hearing health and to increase accessibility to hearing care services. The team proactively engages with hearing care professionals and stakeholders nationwide to gain insight into and address the primary concerns related to hearing loss. These efforts are reflected in various initiatives, including:

- Corporate Social Responsibility Campaigns with Prominent Indian Figures: WSA India has formed a partnership with renowned Bollywood singer, Anuradha Paudwal, to drive awareness campaigns about hearing health. These campaigns aim to educate the public about the importance of early detection and intervention for hearing loss.

- Hearing Aid Donation Drives: WSA India has conducted numerous hearing aid donation drives, providing essential hearing aids to those in need. These drives not only offer immediate relief to individuals with hearing impairment but also help in promoting the use of hearing aids among the broader population.

- Educational Programs: In recognition of the lack of awareness regarding hearing health, WSA India has initiated educational programs to inform the public about the causes, symptoms, and solutions for hearing loss. These programs are designed to provide clarity on hearing impairment and reduce the stigma associated with it.

- Training and Development: To address the shortage of trained audiologists in India, WSA India invests in training programs and continuous professional development initiatives. By developing the skills of hearing care professionals, we aim to ensure sustainable and scalable improvements in hearing care services across the country.

Looking ahead, WSA India plans to expand its reach and accessibility through strategic partnerships and an increase in the number of clinics it works with. Additionally, we are committed to expanding our product range to better serve the diverse needs of the Indian population, particularly the rapidly growing elderly demographic. By fostering collaborations, driving awareness, and advocating for policy changes, we are committed to transforming hearing care in India and making a meaningful impact on the well-being of millions of Indians.

METRICS

Awareness, Accessibility, and Affordability	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Additional people that become aware of hearing loss through WSA online and offline screening platforms	Number	2.3 million	1.7 million	1.5 million	1.0 million	0.5 million
People equipped with hearing devices	Number	4.1 million	3.8 million	3.5 million	3.1 million	2.2 million
People equipped with affordable hearing devices	Number	1.4 million	1.3 million	1.2 million	1.1 million	0.8 million

§ Accounting Principles

Additional people that become aware of hearing loss through WSA online and offline screening platforms
WSA online and offline screening tools capture the number of screening tests completed. Each test is counted for one person. Number of tests also includes hearing appointments performed by WSA own retail and a proxy for Managed Care, based on people served with hearing devices, assuming a fallout rate of 30%. Fallout rate is based on input from retail where we consider conversions of hearing aids tests booked (not online) to actual sales.

People equipped with hearing devices
Number of people equipped is calculated based on hearing devices sales volume and binaural rate (74%). The binaural rate is an assumption based on both our own data from fitting software, industry surveys, own retail and feedback from customers and if costumer buys one or two hearing aids.

People equipped with affordable hearing devices
Number of people equipped in low-cost channels (public, managed care, OTC) and with hearing devices offered in the Basic price segments across all channels. Basic segment is the entry-level segment in the global WS Audiology product portfolio. The number is calculated based on hearing devices sales volume in the channels, price segments mentioned above and binaural rate.

PERFORMANCE

2.3 million people became aware of their hearing capabilities through WSA's online and offline platforms, reflecting a 35% increase this year compared to 2022/23. This progress supports our goal of reaching 4 million by 2028.

Our brands provided hearing aids to 4.1 million people, an 8% increase over the previous year, aligning us with our 2028 target of 5.5 million. This growth underscores our commitment to making hearing aids accessible to more people.

Additionally, the number of people equipped with affordable hearing aids grew by 8%, supported by our low-cost channels, including public, managed care, OTC, and basic segment products. This increase keeps us on track to meet our 2028 goal of 2 million.

Governance

Business Conduct

Governance at WSA involves applying our principles and processes to create value for all stakeholders. Responsible business conduct, including high ethical standards for us and our suppliers, as well as robust anti-corruption policies, is central to our operations. We are only as good as our commitment to these values, ensuring transparency, trust, and long-term success in everything we do.

POLICY

We endeavour to foster a corporate culture characterised by integrity and where our employees understand and adhere to the standards of behavior expected in their interactions and in carrying out their everyday responsibilities. We have several policies and procedures in place to ensure responsible business practices, covering topics such as corruption and bribery, antitrust, fair competition, money laundering, sponsorship, data privacy, gifts and entertainment, cybersecurity and conflicts of interest. The WSA Code of Conduct is the foundation of our compliance program, establishing the standards for business integrity and ethical conduct.

Learn more about our policies on pg 46

APPROACH

Corruption and Bribery

We do not tolerate corruption or bribery in any form. WSA has identified certain functions as being particularly vulnerable to incidents of corruption and bribery. This is primarily due to their involvement in handling significant financial transactions and their interactions with third-party business partners.

To address this, the Legal & Compliance team conducts annual compliance training for key employees in these functions. These internal trainings cover essential topics such as antitrust, gifts, hospitality, charitable donations, and sponsorships. The goal is to enhance employee knowledge and equip them with the tools to identify, manage, or escalate issues. We are committed to continuously refining these training protocols to ensure alignment with evolving legal and compliance requirements.

Whistleblower System

Our whistleblower system comprises a Whistleblower Policy, investigation guidelines and a Whistleblower Portal (WB Scheme). Under the WB Scheme, we offer a global reporting system hosted by an independent third-party platform (WSA Compliance Portal) through which concerns can be raised anonymously. All reports are kept confidential and shared on a need-to-know basis.

All employees are able to report any grievances or any serious or improper conduct that is in non-compliance with any internal policies and applicable laws and regulations. All employees are trained on how to raise a concern in our Code of Conduct training, which they must complete when they join WSA via our eCampus e-training system. We have clear and effective procedures for investigating incidents related to corruption, bribery, any other business conduct issues, and breaches of internal policies.

We follow up on all reports with timely investigations and take necessary actions, including disciplinary measures, where relevant. Where a report is found to be substantiated, the whistleblower and any relevant stakeholders (including key appointment holders) will be notified of the investigation outcome, including key findings and/or identified gaps.

Our WB Scheme is designed to comply with the provisions of Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law, where applicable in the EU. We are committed to creating a safe environment where employees can freely discuss concerns about business ethics without fear of retaliation if the report is provided in good faith. We are constantly improving our whistleblower system to ensure it is effective and up to date with best practices.

Ethical Marketing

WSA is dedicated to providing accurate and balanced information about our products and services. We ensure ethical interactions with customers and healthcare professionals by adhering to strict ethical standards and transparency. Our commitment to integrity ensures that all communications are honest, clear, and beneficial to all stakeholders.

To ensure the veracity of marketing claims, we maintain a claim management practice that establishes the claim type and required data substantiation. Each claim and supporting substantiation is listed in an Approved Claims List. Furthermore, each product launch is documented with a clinical evaluation. We ensure that the product safety manual for each product is included in the package to every consumer who purchases our hearing devices.

Data Privacy and Ethics

Protecting personal data we collect and upholding integrity and compliance in all data-related matters is a fundamental expectation in our industry, particularly given the sensitive nature of hearing information. We are committed to safeguarding data at every stage, from production to direct sales, and within our operations where our employee's data is concerned.

Individuals exercising their rights to rectify, change, or be informed about what personal data WSA processes from and about them can exercise those rights in compliance with relevant legal requirements. As data privacy regulations continue to evolve, we closely monitor these developments to quickly adapt and apply changes to our existing processes as needed. We also subject our new and existing processes to regular reviews to ensure that they are relevant and have the appropriate measures for data privacy, including but not limited to data security.

WSA's Data Ethics Policy serves as a framework for the ethical management of data across our organization. This policy applies globally and is mandatory for all management and employees within the WSA group, ensuring that our approach to data ethics is consistent and rigorous worldwide.

Anti-competitive Behavior

We adhere strictly to antitrust laws, ensuring fair competition through the quality of our products and performance. We do not engage in discussions or agreements with competitors, suppliers, or customers that could restrict competition or involve unfair practices. Our ethical guidelines on competitive intelligence, aligned with the Strategic and Competitive Intelligence Professionals (SCIP) standards, ensure responsible collection of competitor information. As we expand globally, we continually assess our market position and train employees on relevant laws, reinforcing our commitment to fair business practices and our Code of Conduct.

Cybersecurity
At WSA, we consider the secure, reliable, and precise handling of information to be a fundamental aspect of our business success. Our long-term approach to cybersecurity is anchored by an Information Security Management System (ISMS) aligned with ISO 27001 standards. This ensures robust risk management and aligns IT security with the upcoming NIS2 regulation. The Group Management Audit Committee and the Board of Directors Cybersecurity Committee, chaired by Jes Munk Hansen, provide oversight. He draws on his considerable experience and benefits from regular updates on the changing threat landscape from leading cybersecurity organizations.

We adopt a risk-based approach to safeguard corporate information and critical infrastructure in collaboration with our business partners. We are committed to maintaining high levels of awareness among employees through regular training, awareness campaigns, and drills. Moreover, we work closely with cybersecurity experts to guarantee that our detection and response capabilities are consistently enhanced, enabling us to effectively address emerging threats.

Supplier Management
We are committed to ethical business practices and have set high standards for our partners and suppliers, focusing on business conduct, fair labor, and environmental responsibility.

Furthermore, WSA is committed to paying its vendors within the agreed credit terms. Late payments occur when vendors or recipients of the invoices fail to submit them on time or provide the necessary information for processing. Invoices that are past their due date are given top priority and processed on a first-in, first-out basis. This ensures that vendors receive their funds as soon as possible.

We work closely with our suppliers to identify and implement strategies for reducing greenhouse gas emissions. We focus on key suppliers in areas such as electronic manufacturing services, plastics, rubbers, and zinc air batteries. By partnering with these suppliers and guiding them through this vital journey, we increase our ability to integrate sustainability into our supply chain and the hearing aids we provide to our customers.

Responsible Sourcing
WSA proactively identifies, assesses, avoids, and mitigates risks in our supply chain. Our responsible sourcing practices are integrated into all aspects of sustainability, including but not limited to human rights, health and safety, non-discrimination and anti-harassment and labor conditions.

Learn more about our supplier due diligence process on pg 78

Responsible Tax Management
At WSA, responsible tax management is central to our sustainability commitment and aligned with the UN Sustainable Development Goals (SDGs). By paying taxes where we operate, we contribute to building accountable, inclusive institutions. Our tax practices emphasize transparency and fairness, ensuring timely compliance with local laws while aligning contributions with our business footprint. Governance is overseen by the Audit Committee, with day-to-day management by our Group Tax team and local finance teams. We continuously monitor regulatory changes to ensure compliance and maintain transparent, collaborative relationships with tax authorities.

Learn more about our tax management in Note 2.3 of the Financial Statements and the Tax Policy on our webpage

ACTIONS

Supplier Due Diligence

This year, we enhanced our supplier due diligence program by extending it to include chain of custody in our supplier audits among the battery suppliers we work with. We proactively monitor new regulations to ensure our business practices remain compliant.

Whistleblower System

This year, we strengthened our WB Scheme by formalizing the whistleblower mechanism into a written policy, providing greater assurance against retaliation and ensuring protection for all employees. Additionally, HR teams across APAC, EMEA, and the Americas received progressive training on how to handle investigations effectively.

To further support accessibility, we translated the policy into relevant languages, ensuring that employees from diverse regions can easily understand and utilize the WB Scheme.

Cybersecurity

This year, we have enhanced our cybersecurity measures by implementing a Governance, Risk, and Compliance (GRC) tool, thereby reinforcing our ability to effectively assess all internal security controls. We unified our security strategy across product and enterprise functions, thereby streamlining processes and systems in R&D and IT. To guarantee uninterrupted protection, we have switched to a round-the-clock managed security service with cutting-edge capabilities. Furthermore, we introduced a multilingual security awareness platform to improve team vigilance, and we enhanced our cloud security with the adoption of Wiz, demonstrating our continued dedication to protecting digital assets.

METRICS

Supplier Management	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
Share of high-risk suppliers audited for their social, environmental, and ethical management systems and performance	%	100	100	100	20	8
Suppliers audited for their social, environmental, and ethical management systems and performances	Number	6	5	15	5	3
Suppliers with social, environmental, or ethical non-compliance	Number	2	5	15	4	0
Suppliers established improvement plans to improve on non-compliance	Number	2	5	15	4	0
Corruption and Bribery						
Convictions for violation of anti-corruption and anti-bribery laws	Number	0	N/A	N/A	N/A	N/A
Substantiated incidents of violations of anti-corruption and anti-bribery laws	Number	5	4	0	0	0
Amount of fines for violation of anti-corruption and anti-bribery laws	EUR	0	N/A	N/A	N/A	N/A

§ Accounting Principles

Share of high-risk suppliers audited for their social, environmental, and ethical management systems and performance
Number of high-risk suppliers audited divided by number of high-risk suppliers identified. The scope of audit includes human rights, labor rights, environment, and anti-corruption. The audits are conducted by certified third-party auditors. High risk suppliers are identified based on the country, category, spend and business relations on annual basis.

Suppliers audited for their social, environmental, and ethical management systems and performances
Number of suppliers that are audited against WSA's Code of Conduct. The scope of this audit includes human rights, labor rights, environment, and anti-corruption. The audits are conducted by certified third-party auditors.

Suppliers with social, environmental, or ethical non-compliance
The suppliers with non-compliances based on the Supplier Code of Conduct audits. Non-compliances are defined as insufficiencies or negligence of policies and/or procedures for ensuring compliance to WSA Supplier Code of Conduct.

Suppliers established improvement plans to improve on non-compliance
Suppliers identified through the Supplier Code of Conduct audit program with non-compliances based on audits and have developed improvement plans to rectify the non-compliances.

Convictions for violation of anti-corruption and anti-bribery laws
Number of convictions secured against WSAudiology A/s and its Group Companies for any corruption and bribery charges (“Secured Conviction”), tracked via any order issued by a competent authority or Court of law.

Substantiated incidents of violations of anti-corruption and anti-bribery laws
Number of corruption or bribery incidents that are established to be true and valid following investigation by the WSA Legal and Compliance function. This is aligned with GRI definition of confirmed incident of corruption. The Group Legal and Compliance department is responsible for keeping records of such substantiated incidents in relation to corruption or bribery incidents.

Amount of fines for violation of anti-corruption and anti-bribery laws
The amount of financial penalty in EUR with a threshold of EUR 1 million, ordered to be paid by WSAudiology A/s and its Group Companies to any local regulator pursuant to the Secured Conviction. “Secured Conviction” refers to convictions secured against WSAudiology A/s and its Group Companies for any corruption and bribery charges.

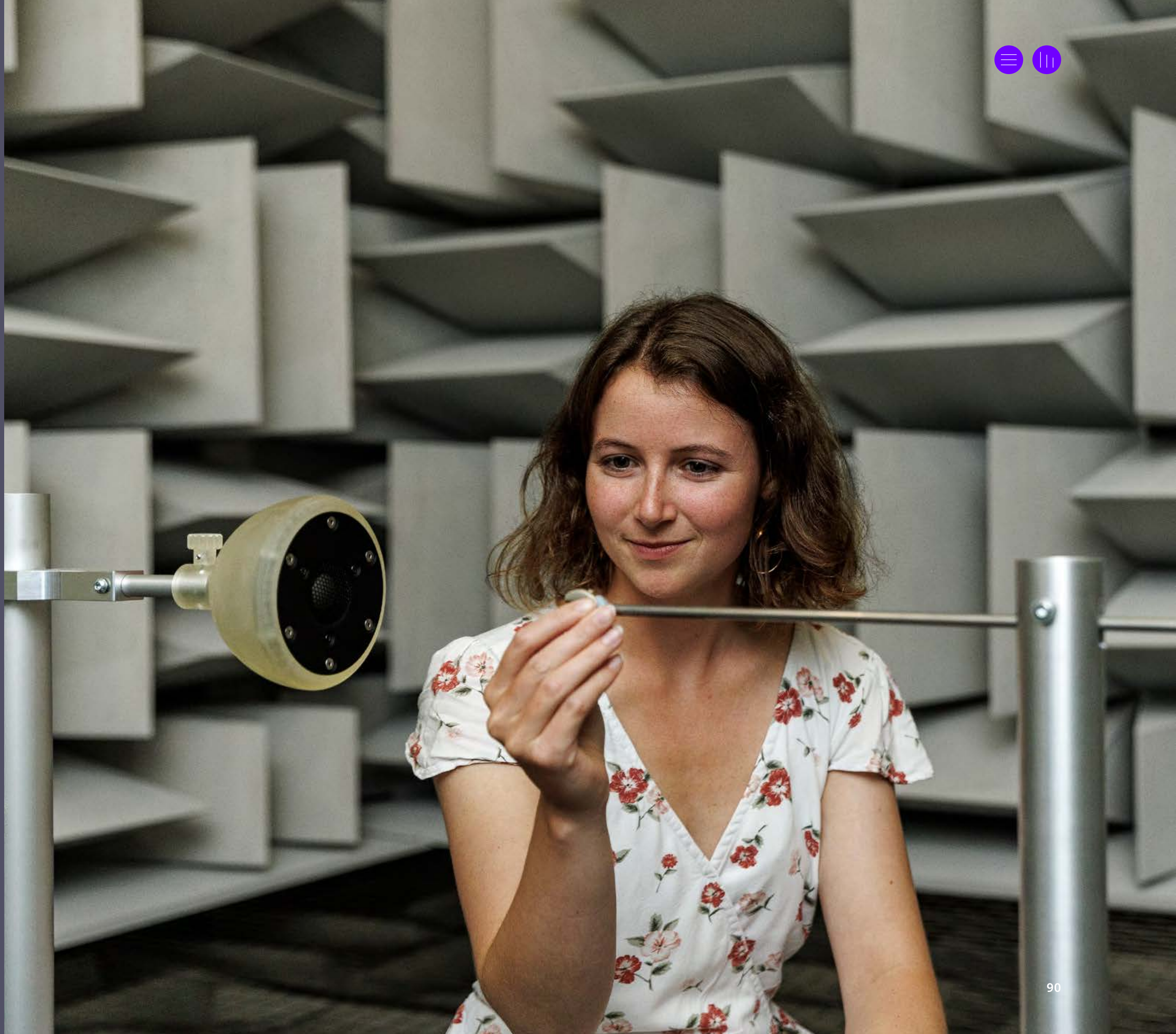
PERFORMANCE

All suppliers identified as high-risk were evaluated on their social, environmental, and ethical management systems and overall performance. In the case of a supplier found to be non-compliant, the year was concluded with the supplier submitting a satisfactory improvement plan to address the identified areas of non-compliance.

There are no recorded non-compliances with data privacy regulations, and no fines have been imposed on WS Audiology.

A total of 5 cases related to corruption and bribery were substantiated. These cases were followed up with remedial actions and/or disciplinary measures, where appropriate.

Appendix



Global Reporting Initiative
Disclosures (GRI)

Disclosure Number	Aspect	Page or comments
GRI 2: General Disclosures 2021		
2-1	Organizational details	pg 5, 13-18, 168
2-2	Entities included in the organization's sustainability reporting	pg 37
2-3	Reporting period, frequency and contact point	Reporting period: 10/1/2023-09/30/2024 Reporting cycle: Annual Contact point: +45 44 35 56 00 (to be directed to the Sustainability Team)
2-4	Restatements of information	pg 65, 73, 76
2-5	External assurance	Deloitte is appointed to conduct the third-party assurance for this report. Deloitte is also the assurance provider for WSA's financial report. Refer to pages 170 – 174 for the external assurance report.
2-6	Activities, value chain and other business relationships	pg 13-16
2-7	Employees	We present our employee headcount on page 72, excluding employees not registered in SuccessFactors. Full-Time Equivalent (FTE) data, which includes information recorded outside of SuccessFactors, is detailed on pages 5 and 112.
2-8	Workers who are not employees	GRI 2-7
2-9	Governance structure and composition	pg 31-33, 67, 74
2-10	Nomination and selection of the highest governance body	pg 26, 31-34 The members of the Board of Directors are chosen based on their experience and qualifications as well as to achieve diversity in regard to nationality and gender mix.
2-11	Chair of the highest governance body	pg 31
2-12	Role of the highest governance body in overseeing the management of impacts	pg 26
2-13	Delegation of responsibility for managing impacts	pg 26-34
2-14	Role of the highest governance body in sustainability reporting	pg 37-39
2-15	Conflicts of interest	pg 46, 86 A process has been established to ensure that conflicts of interest are avoided. Each WSA employee has a duty to make business decisions in the interest of WS Audiology and not be influenced by their own personal interests. Conflicts of interest for senior employees are disclosed to Executive Committee and/or the Board of Directors.
2-16	Communication of critical concerns	pg 29-30, pg 40-45, GRI 2-14
2-17	Collective knowledge of the highest governance body	GRI 2-14
2-18	Evaluation of the performance of the highest governance body	pg 39, 68

GRI index (cont'd)

Disclosure Number	Aspect	Page or comments
2-19	Remuneration policies	pg 26, 39, 68
2-20	Process to determine remuneration	pg 26, 39, 68
2-21	Annual total compensation ratio	Information unavailable due to limited availability of consolidated data.
2-22	Statement on sustainable development strategy	Letter from our Chair and CEO, pg 7-8
2-23	Policy commitments	pg 46
2-24	Embedding policy commitments	pg 46 - 89
2-25	Processes to remediate negative impacts	pg 43, 47-89
2-26	Mechanisms for seeking advice and raising concerns	pg 86
2-27	Compliance with laws and regulations	pg 30, 36, 44-45, 57, 80, 85-89
2-28	Membership associations	Annual Report FY2020/21, pg 131 United Nations Global Compact, pg 39 Ellen MacArthur Foundation Network, pg 59
2-29	Approach to stakeholder engagement	pg 41
2-30	Collective bargaining agreements	pg 67-68, 73

Disclosure Number	Aspect	Page or comments
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	pg 40 Annual Report FY2022/23, pg 136-138; Annual Report FY2021/22, pg 137; Annual Report FY2020/21, pg 39-40
3-2	List of material topics	pg 40 Annual Report FY2022/23, pg 136-138
GRI 205: Anti-corruption 2016		
3-3	Management of material topics	pg 46, 86
205-2	Communication and training about anti-corruption policies and procedures	pg 46
205-3	Confirmed incidents of corruption and actions taken	pg 89
GRI 206: Anti-competitive Behavior 2016		
3-3	Management of material topics	pg 86
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	pg 85-89

GRI index (cont'd)

Disclosure Number	Aspect	Page or comments
GRI 302: Energy 2016		
3-3	Management of material topics	pg 46, 47-55
302-1	Energy consumption within the organization	pg 48-51
GRI 305: Emissions 2016		
3-3	Management of material topics	pg 46, 47-55
305-1	Direct (Scope 1) GHG emissions	pg 52
305-2	Energy indirect (Scope 2) GHG emissions	pg 52
305-3	Other indirect (Scope 3) GHG emissions	pg 52-55
GRI 306: Waste 2020		
3-3	Management of material topics	pg 46, 58-65
306-1	Waste generation and significant waste-related impacts	pg 58-65
306-2	Management of significant waste-related impacts	pg 46, 58-65

Disclosure Number	Aspect	Page or comments
GRI 308: Supplier environmental assessment 2016		
3-3	Management of material topics	pg 49, 78
307-1	Negative environmental impacts in the supply chain and actions taken	pg 49, 78
GRI 401: Employment 2016		
3-3	Management of material topics	pg 46, 66-76
401-1	New employee hires and employee turnover	pg 72
GRI 403: Occupational health and safety 2018		
3-3	Management of material topics	pg 46, 67, 71
403-1	Occupational health and safety management system	pg 67
403-2	Hazard identification, risk assessment, and incident investigation	WS Audiology established the Standard Operating Procedure (SOP) "EHS Aspects Impacts and Hazards Risks Assessment" to systematically identify and assess risks in the workplace. The SOP is reviewed at least once a year, and relevant training is carried out to ensure that the evaluators have the relevant competence. In addition, employees are encouraged to report near miss incidents at work to identify risks in a wider scope. Our SOP follows ISO 14001 and OHSAS 18001.

GRI index (cont'd)

Disclosure Number	Aspect	Page or comments
403-3	Occupational health services	WS Audiology has established a risk identification and evaluation system to determine the major risks and control measures.
403-4	Worker participation, consultation, and communication on occupational health and safety	pg 46, 67, 71, 78
403-5	Worker training on occupational health and safety	pg 67, 71, 78
403-6	Promotion of worker health	pg 46, 67, 71, 78
403-9	Work-related injuries	pg 76
GRI 405: Diversity and equal opportunity 2016		
3-3	Management of material topics	Social - Own Workforce
405-1	Diversity of governance bodies and employees	pg 67-70, 72-75
GRI 406: Non-discrimination 2016		
3-3	Management of material topics	pg 46, 67-68, 85-86
406-1	Incidents of discrimination and corrective actions taken	pg 73

Disclosure Number	Aspect	Page or comments
GRI 407: Freedom of association and collective bargaining 2016		
3-3	Management of material topics	pg 67-68
406-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	pg 67-68, 73
GRI 408: Child labor 2016		
3-3	Management of material topics	pg 46, 68, 78, 87
408-1	Operations and suppliers at significant risk for incidents of child labor	pg 68, 78, 86-89
GRI 409: Forced or compulsory labor 2016		
3-3	Management of material topics	pg 46, 68, 78, 86-89
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	pg 68, 78, 86-89

GRI **index** (cont'd)

Disclosure Number	Aspect	Page or comments
GRI 413: Local communities 2016		
3-3	Management of material topics	pg 42-43, 46, 57, 66-78
413-2	Operations with significant actual and potential negative impacts on local communities	pg 42-43
GRI 414: Supplier social assessment 2016		
3-3	Management of material topics	pg 46, 78, 86-88
414-2	Negative social impacts in the supply chain and actions taken	pg 86-89
GRI 415: Public policy		
415-1	Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/ beneficiary	Contributions - EUR 0
GRI 416: Customer health and safety 2016		
3-3	Management of material topics	pg 79-84
416-1	Assessment of the health and safety impacts of product and service categories	100% product and service categories for which health and safety impacts are assessed for improvement.

Disclosure Number	Aspect	Page or comments
GRI 417: Marketing and labeling 2016		
3-3	Management of material topics	pg 46, 86
417-2	Incidents of non-compliance concerning product and service information and labeling	There were no substantiated complaints recorded concerning non-compliance concerning product and service information and labeling.
GRI 418: Customer privacy 2016		
3-3	Management of material topics	pg 46, 86
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no substantiated complaints recorded concerning breaches of customer privacy and losses of customer data.
GRI 3: Material Topics 2021 - Material topics without GRI topic standard Awareness, Accessibility, and Affordability		
3-3	Management of material topics	pg 40-43, 82-84

International Financial Reporting Standards (IFRS)

International Sustainability Standard Board (ISSB) regulation, as part of the International Financial Reporting Standards IFRS

IFRS ID	Disclosure Elements	Page	Status
IFRS S2 6	Governance	39	🟢
IFRS S2 9	Strategy	42-45	🟠
IFRS S2 10-12	Climate related risks and opportunities	44-45	🟢
IFRS S2 13	Business model and value-chain	42-45	🟢
IFRS S2 14	Strategy and decition-making	42-25	🟢
IFRS S2 15-21	Financial position, financial performance and cash flow	-	🟠
IFRS S2 22-23	Climate resilience	48	🟢
IFRS S2 25-26	Risk management	48	🟢
IFRS S2 29-32	Climate-related metrics	50-55	🟠
IFRS S2 33-37	Climate-related targets	47-56	🟢

Progress towards compliance with IFRS requirements:
🟣 Under materiality threshold
🟠 Initiated (from early phase to almost completed)
🟢 Aligned

Taskforce on Climate change Financial Disclosures (TCFD)

Disclosure Elements	TCFD Recommended Disclosures	Section	Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	Sustainability governance	48
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability governance	39
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Sustainability value chain - risks	42-45
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Sustainability value chain - risks	42-45
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Environment - climate change	48
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Sustainability value chain - risks	48
	b) Describe the organization's processes for managing climate-related risks.	Sustainability value chain - risks Environment - climate change	48
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Risk management Sustainability value chain - risks	48
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Environment - climate change	50-55
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	Our value chain - risks	52-55
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Environment - climate change	47

Financial Statements

Consolidated Financial Statements

Contents
Financial Statements

Consolidated Financial Statements

101 Consolidated Statement of Profit or Loss
101 Consolidated Statement of Comprehensive Income
102 Consolidated Statement of Financial Position
103 Consolidated Statement of Cash Flows
104 Consolidated Statement of Changes in Equity

Notes to the Consolidated Financial Statements

1 Basis of preparation 106
1.1 General accounting policies 106
1.2 Significant accounting estimates and judgments 107
1.3 Changes in accounting estimates 108
1.4 Adoption of new and amended IFRS 109

2 Results of the year 110
2.1 Revenue 110
2.2 Staff costs 112
2.3 Income taxes 112

3 Operating assets and liabilities 118
3.1 Intangible assets 118
3.2 Property, plant and equipment 122
3.3 Depreciation, amortization, and impairment 123
3.4 Right-of-use assets/Lease liabilities 125
3.5 Customer loans 127
3.6 Other assets 129
3.7 Inventories 129
3.8 Trade receivables 130
3.9 Other liabilities 132
3.10 Provisions 133

4 Capital structure and financing items 135
4.1 Outstanding shares 135
4.2 Financial risks and financial instruments 136
4.3 Liabilities from financing activities 146
4.4 Financial income and expenses 147

5 Other disclosures 148
5.1 Remuneration of Key Management Personnel 148
5.2 Share-based payment 148
5.3 Pension obligations 149
5.4 Contingent assets and liabilities 154
5.5 Non-cash adjustments 154
5.6 Fees to auditors appointed at the annual general meeting 155
5.7 Related parties 155
5.8 Companies in the WS Audiology A/S Group 156
5.9 Event after the reporting period 160
5.10 Approval of the consolidated financial statements 160

Consolidated Statement of **Profit or Loss**

For the financial year ended 30 September 2024

EURm	Note	2023/24	2022/23
Revenue	2.1	2,637	2,465
Cost of goods sold		(1,141)	(1,025)
Gross profit		**1,496**	**1,440**
Research and development expenses	3.1	(218)	(114)
Selling and general administrative expenses		(2,298)	(1,150)
Other operating income, net		3	4
Share of profit in associates, net of tax		*	*
Operating (loss)/profit		**(1,017)**	**180**
Interest income	4.4	51	99
Interest expenses	4.4	(464)	(333)
Other financial (expenses)/income, net	4.4	(24)	78
(Loss)/Profit before tax		**(1,454)**	**24**
Income taxes	2.3	257	(29)
Loss for the year		**(1,197)**	**(5)**
Attributable to:			
Non-controlling interests		8	6
Shareholders of WS Audiology A/S		(1,205)	(11)

* Amount less than EUR 1 mil

Consolidated Statement of **Comprehensive Income**

For the financial year ended 30 September 2024

EURm	Note	2023/24	2022/23
Loss for the year		**(1,197)**	**(5)**
Items that will not be reclassified to profit or loss:			
Actuarial gains	5.3	2	2
Tax on items that will not subsequently be reclassified to consolidated statement of profit or loss	2.3	(1)	(1)
Items that may be reclassified subsequently to profit or loss:			
Recycled to financial income		(38)	(88)
Change in fair value of cash flow hedge		(24)	36
Tax on items that have been or may subsequently be reclassified to the consolidated statement of profit or loss	2.3	14	15
Foreign currency translation differences		2	(56)
Other comprehensive loss for the year, net of tax		**(45)**	**(92)**
Total comprehensive loss for the year		**(1,242)**	**(97)**
Attributable to			
Non-controlling interests		5	3
Shareholders of WS Audiology A/S		(1,247)	(100)

* Amount less than EUR 1 mil

Consolidated Statement of Financial Position

As at 30 September 2024

EURm	Note	2023/24	2022/23
Assets			
Goodwill	3.1	3,586	3,607
Other intangible assets	3.1	420	1,722
Property, plant and equipment	3.2	177	182
Right-of-use assets	3.4	206	196
Investments in associates		6	5
Deferred tax assets	2.3	52	42
Trade receivables	3.8	3	3
Customer loans	3.5	57	57
Other assets	3.6	34	48
Total non-current assets		**4,541**	**5,862**
Inventories	3.7	223	206
Trade receivables	3.8	316	301
Current income tax receivables		12	15
Customer loans	3.5	16	16
Other assets	3.6	84	147
Cash and cash equivalents		96	114
Total current assets		**747**	**799**
Total assets		**5,288**	**6,661**

EURm	Note	2023/24	2022/23
Equity and Liabilities			
Share capital	4.1	111	100
Other reserves		2,657	2,206
Accumulated losses		(1,958)	(754)
Total equity attributable to the shareholders of WS Audiology A/S		**810**	**1,552**
Non-controlling interests		28	42
Total equity		**838**	**1,594**
Long-term debts	4.3	3,316	3,668
Lease liabilities	4.3	181	173
Pension obligations	5.3	17	15
Provisions	3.10	50	36
Deferred tax liabilities	2.3	11	312
Other liabilities	3.9	82	85
Total non-current liabilities		**3,657**	**4,289**
Short-term debts	4.3	88	56
Lease liabilities	4.3	45	43
Trade payables		223	252
Current income tax liabilities		28	25
Provisions	3.10	69	78
Other liabilities	3.9	340	324
Total current liabilities		**793**	**778**
Total equity and liabilities		**5,288**	**6,661**

Consolidated Statement of Cash Flows

For the financial year ended 30 September 2024

EURm	Note	2023/24	2022/23
Operating activities			
Loss for the year		**(1,197)**	**(5)**
Depreciation, amortization and impairment	3.3	1,538	300
Loss on lease remeasurement		–	1
Income tax (benefit)/expense, net	2.3	(257)	29
Interest expense, net		413	234
(Gain)/Loss on sale and disposal of intangibles, property, plant and equipment and right-of-use assets		(1)	1
Share of profit in associates		*	*
Other non-cash adjustments	5.5	(26)	(88)
Cash flow from operating activities before changes in working capital		**470**	**472**
Change in inventories		(17)	(5)
Change in trade and other receivables		(15)	4
Change in trade payables		(29)	34
Change in customer loans		1	(4)
Change in other assets and other liabilities		(5)	(37)
Change in provisions		11	2
Cash flow from operating activities before financial items and tax		**416**	**466**
Financial income received		12	11
Income taxes paid, net		(33)	(18)
Cash flow from operating activities		**395**	**459**

EURm	Note	2023/24	2022/23
Investing activities			
Acquisition of companies/operations, net of cash acquired		2	(9)
Investments in intangible assets and property, plant and equipment		(205)	(216)
Investments in other assets		–	(1)
Proceeds from disposal of intangible assets and property, plant and equipment		15	8
Cash flow used in investing activities		**(188)**	**(218)**
Cash flow from operating and investing activities		**207**	**241**
Financing activities			
Proceeds from issuance of shares		500	100
Transaction costs paid for issuance of long-term debts	4.3	(51)	–
Proceeds from long-term and short-term debts	4.3	3,864	70
Repayment of long-term and short-term debts	4.3	(4,175)	(142)
Other transactions with non-controlling interests		(19)	(4)
Financial expenses paid	4.3	(286)	(211)
Cash flows relating to lease liabilities	4.3	(46)	(49)
Change in other short-term debt and other financing activities		(3)	(3)
Cash flow used in financing activities		**(216)**	**(239)**
Net cash flow		**(9)**	**2**
Cash and cash equivalents at beginning of year		114	124
Adjustment foreign currency, cash and cash equivalents		(9)	(12)
Cash and cash equivalents at end of year		**96**	**114**

* Amount less than EUR 1 mil

Consolidated Statement of Changes in Equity

For the financial year ended 30 September 2024

EURm	Share capital	Other reserves	Foreign exchange adjustments	Hedging reserve	Accumulated losses	Equity of shareholders in WS Audiology A/S	Non-controlling interests	Total equity
Equity at 30 September 2023	**100**	**2,146**	**26**	**34**	**(754)**	**1,552**	**42**	**1,594**
Loss for the year	–	–	–	–	(1,205)	(1,205)	8	(1,197)
Actuarial gains	–	–	–	–	2	2	–	2
Adjustment of cash flow hedges	–	–	–	(62)	–	(62)	–	(62)
Foreign exchange adjustments	–	–	5	–	–	5	(3)	2
Tax relating to other comprehensive income	–	–	(1)	15	(1)	13	–	13
Total comprehensive loss for the year	–	–	**4**	**(47)**	**(1,204)**	**(1,247)**	**5**	**(1,242)**
Issuance of shares	11	489	–	–	–	500	–	500
Changes in other reserves	–	5	–	–	–	5	–	5
Dividends	–	–	–	–	–	–	(5)	(5)
Other transactions with non-controlling interests	–	–	–	–	–	–	(14)	(14)
Equity at 30 September 2024	**111**	**2,640**	**30**	**(13)**	**(1,958)**	**810**	**28**	**838**

* Amount less than EUR 1 mil

Consolidated Statement of **Changes in Equity** (cont'd)

For the financial year ended 30 September 2024

EURm	Share capital	Other reserves	Foreign exchange adjustments	Hedging reserve	Accumulated losses	Equity of shareholders in WS Audiology A/S	Non-controlling interests	Total equity
Equity at 1 October 2022	**100**	**2,032**	**77**	**73**	**(744)**	**1,538**	**55**	**1,593**
Loss for the year	–	–	–	–	(11)	(11)	6	(5)
Actuarial gains	–	–	–	–	2	2	–	2
Adjustment of cash flow hedges	–	–	–	(52)	–	(52)	–	(52)
Foreign exchange adjustments	–	–	(53)	–	–	(53)	(3)	(56)
Tax relating to other comprehensive income	–	–	2	13	(1)	14	–	14
Total comprehensive loss for the year	**–**	**–**	**(51)**	**(39)**	**(10)**	**(100)**	**3**	**(97)**
Issuance of shares	*	100	–	–	–	100	–	100
Changes in other reserves	–	14	–	–	–	14	(12)	2
Dividends	–	–	–	–	–	–	(1)	(1)
Other transactions with non-controlling interests	–	–	–	–	–	–	(3)	(3)
Equity at 30 September 2023	**100**	**2,146**	**26**	**34**	**(754)**	**1,552**	**42**	**1,594**

* Amount less than EUR 1 mil

Description of Other reserves:
- Capital reserve relates to deemed contribution by the shareholders in relation to the reverse acquisition in 2018/19.
- The difference between the consideration paid, in the form of acquiring the shares of the Sivantos Group and the net equity of the subsidiaries acquired in 2018/19.
- The elimination of the investment in the Widex Group in 2018/19.
- The reserve under the scope of IFRS 2 (Note 5.2).

Notes to the consolidated financial statements

1 Basis of preparation

The consolidated financial statements for the Group and separate parent financial statements for WS Audiology A/S have been prepared in accordance with IFRS Accounting Standards adopted by the European Union (EU) and additional requirements of the Danish Financial Statements Act.

The consolidated financial statements and separate parent financial statements are presented in Euros (EUR) which is the functional currency of WS Audiology A/S. All values are rounded to the nearest million (EUR), except where indicated otherwise.

The Group's general accounting policies are described in Note 1.1 General accounting policies below. In addition to this, specific accounting policies are described in each of the individual notes to the consolidated financial statements. The accounting policies set out below and, in each note, have been used consistently in respect of the financial year and the comparative figures.

As at 30 September 2024, the current liabilities exceeds the current assets by EUR 46 million. The Group has access to EUR 217 million available Revolving Credit Facility out of EUR 350 million as of 30 September 2024. With strong operating cash flow and access to financing, the Board of Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

1.1 General accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of WS Audiology A/S (the parent company) and subsidiaries controlled by WS Audiology A/S, prepared in accordance with Group policies. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are listed in Note 5.8.

The consolidated financial statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealized intercompany gains or losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences and until the date on which control ceases.

The accounting items of subsidiaries are recognized 100% in the consolidated financial statements. Non-controlling interest's share of subsidiaries' profit or loss for the year and equity are included in the Group's profit or loss and equity, but are disclosed separately.

Acquisitions or disposals on non-controlling interests in subsidiaries, which does not result in obtaining or losing control of such subsidiaries, are treated as an equity transaction in the consolidated financial statements, and any difference between the consideration and the carrying amount of the non-controlling interest is allocated to the Parent's share of the equity.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, as well as any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost. Any resulting gain or loss is recognized in profit or loss.

Translation of foreign currency

A functional currency is determined for each of the reporting entities in the Group. The functional currency is the primary currency used for the reporting entity's operations. Transactions denominated in other than the functional currency are translated into the functional currency at the exchange rates at the transaction date. Foreign exchange differences between the exchange rate at the transaction date and at the date of payment are recognized in other financial income/expenses, net.

The WS Audiology Group has significant activities in EUR and has raised significant debt in EUR. Therefore, the functional currency of WS Audiology A/S and the presentation currency of the WS Audiology Group is determined to be EUR.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the transaction date.

Foreign exchange differences are generally recognized in other financial income/expenses, net in the consolidated statement of profit or loss. However, the following foreign exchange differences are recognized in other comprehensive income ("OCI"):

- Qualifying cash flow hedges to the extent that the hedges are effective
- Foreign exchange adjustment of balances with foreign entities that are considered part of the net investment in the entity

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into EUR at the exchange rates at the reporting date. The statement of profit or loss and statement of cash flows of foreign operations are translated into EUR at average exchange rates for the period, unless such average exchange rates are unrepresentative of the exchange rates prevailing at the transaction dates, in which case the transaction date exchange rates are applied.

Notes to the consolidated financial statements

1.1 General accounting policies (cont'd)

Foreign exchange differences arising on translation of the opening balance of equity of foreign entities at the exchange rate at the reporting date and on translation of the statement of profit or loss from the average exchange rate to the exchange rate at the reporting date are recognized on other comprehensive income and attributed to a separate translation reserve in equity, except to the extent that the translation difference is allocated to non-controlling interests.

On complete or partial disposal of a foreign entity such that control, significant influence or joint control is lost, or on repayment of balances that constitute part of the net investment in the foreign entity, the share of the cumulative amount of the exchange differences recognized in other comprehensive income relating to that foreign entity is recognized in the consolidated statement of profit or loss as part of the gain or loss on disposal. When the Group disposes part of its interest in a subsidiary but retains control, the relevant portion of the cumulative amount is reattributed to non-controlling interest. On partial disposal of an associate or joint venture while retaining significant influence or joint control, the relevant portion of the cumulative amount is reclassified to the consolidated statement of profit or loss.

1.2 Significant accounting estimates and judgments

In preparation of the consolidated financial statements, Management makes various accounting estimates and judgments that form the basis of presentation, recognition and measurement of the Group's assets, liabilities, income and expenses. The key accounting estimates identified are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities within the next financial year.

The application of the Group's accounting policies may require Management to make judgments that can have a significant effect on the amounts recognized in the consolidated financial statements. Management judgment is required in particular when assessing the substance of transactions that have a complicated structure or legal form.

The accounting estimates and judgments made are based on historical experience and other factors that Management assesses to be reliable, but that, by nature, are associated with uncertainty and unpredictability and may therefore prove incomplete or incorrect.

Specific accounting estimates and judgments are described in each of the following individual notes to the consolidated financial statements:

Principal accounting policies	Key accounting estimates and judgments	Nature of impact	Note	Estimation risk
Depreciation, amortization and impairment	Estimate of recoverable amount of goodwill	Estimate	3.3	High
Income tax and deferred income taxes	Estimate of value of deferred tax assets Determination of possible outcomes of uncertain tax positions	Estimate Judgment	2.3	Medium
Provisions	Estimate of warranty provisions Estimate of right of return provisions	Estimate Estimate	3.10	Medium
Debts	Determination of derecognition of financial liabilities	Judgment	4.1	Medium

Impairment of goodwill

The recoverable amount of goodwill is estimated using the fair value approach, which is dependent on market performance of comparable peer group. Relevant illiquidity discounts and control premiums were applied to the average market multiple of the peer group to reflect the ownership structure of WS Audiology. The estimation of recoverable amount involves judgment on relevant peer group and is subject to uncertainties in macroeconomic developments which can affect market performance.

Deferred tax assets and uncertain tax positions

The recoverability of deferred tax assets is dependent on the availability of future taxable profits. Estimate of future taxable profits is made based on annual budgets and business plans which is subject to uncertainty arising from economic and market developments. Management assessed it is probable the Group will realize the benefits of these deductible differences based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible.

The final tax outcome of uncertain tax positions is subject to different interpretation of local tax law by the relevant tax authority. Judgment is applied to assess the probable outcome of uncertain tax treatment.

Notes to the consolidated financial statements

1.2 Significant accounting estimates and judgments (cont'd)

Debts

The refinancing exercise in April 2024 involves the replacement of existing debt with new debt. Significant judgment was applied in determining whether the refinancing transaction is an exchange or if it qualifies for derecognition of the original financial liability and the recognition of a new financial liability in accordance with IFRS 9.

Climate-related risks in the financial statements

Management has considered the impact of climate-related risks in the preparation of the consolidated financial statements. The Group's expected costs of meeting sustainability goals were considered in the financial forecasts which were used as basis of valuation and useful life assessment of fixed assets, and valuation of provisions and contingent liabilities. These considerations did not have a material impact on the accounting estimates and judgments.

For further description of judgments and estimates, please refer to the individual notes.

1.3 Changes in accounting estimates

During the year, the Group reassessed the useful lives of certain intangible assets arising from the business combination completed as part of the merger between Sivantos Pte. Ltd. and Widex A/S. The purchase price allocation resulted in the recognition of identifiable intangible assets, primarily related to customer relationships and core patented technology and intellectual property, with initial estimated useful lives ranging from 2 to 20 years for customer relationships and 3 to 13 years for core patented technology and intellectual property. The change in accounting estimates was applied prospectively.

Customer relationships

With competing products being similar in terms of technology, features and capabilities, the Group has seen an increasing shift in customer behavior during contract renegotiations every 2 to 5 years. Customers are increasingly prioritizing product quality and pricing over maintaining long-standing relationships.

Based on annual assessment of customer relationships, Management has reassessed the useful life of the intangible assets related to customer relationships to 3 to 5 years.

Core patented technology and intellectual property

The Group's core patented technology and intellectual property largely relates to technologies from the time of merger where the core platforms and technologies were the foundation for the future developments. The rapid development in hearing aid technology requires companies to launch new platforms, products and features on an annual or biennial basis with new innovations and often as a pioneer.

Following an assessment of these core technologies and the current market trends, Management has reassessed the useful life of the core patented technology and intellectual property to be 5 years.

The following table summarises the impact on the Group's consolidated statements of financial position and profit or loss in the current financial year.

EURm	Customer relationships	Core patented technology and intellectual property	Total
Consolidated statement of financial position			
Intangible assets	(836)	(387)	(1,223)
Deferred tax liability	(192)	(66)	(258)
Accumulated losses	(644)	(321)	(965)
Consolidated statement of profit or loss			
Amortization expense	(836)	(387)	(1,223)
- Cost of goods sold	-	*(77)*	*(77)*
- Research and development expenses	-	*(75)*	*(75)*
- Selling and general administrative expenses	*(836)*	*(235)*	*(1,071)*
Profit before tax	(836)	(387)	(1,223)
Deferred tax expense	192	66	258
Net profit for the year	(644)	(321)	(965)

Notes to the consolidated financial statements

1.3 Changes in accounting estimates (cont'd)

The reduction in the estimated useful lives of the intangible assets will result in a decrease in total amortization expense of EUR 1.2 billion charged to the Group's consolidated statement of profit or loss over the next financial periods. The impact on the annual amortization expense for the next financial year ended 30 September 2025 is EUR 129 million.

1.4 Adoption of new and amended IFRS

In the current year, the Group has applied the amendments to IFRS Accounting Standards and Interpretations issued by the IASB and IFRSs endorsed by the European Union effective for annual periods beginning on or after 1 October 2023. The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. Furthermore, Management does not anticipate any significant impact on future periods from the adoption of these amendments.

Management has assessed the impact of new or amended accounting standards and interpretations (IFRSs) issued by the IASB that has not yet become effective. At the date of authorization of these financial statements, the Group has not applied these new and revised IFRS Accounting Standards that have been issued but are not yet effective and Management does not expect that the adoption of the standards will have a material impact on the financial statements of the Group in future periods, except for IFRS 18 Presentation and Disclosures in Financial Statements.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements and introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 requires retrospective application with specific transition provisions.

Notes to the consolidated financial statements

2 Results of the year

2.1 Revenue

EURm	2023/24	2022/23
Revenue by geographic region:		
EMEA	888	811
Americas	1,323	1,243
APAC	426	411
Total	**2,637**	**2,465**

Revenue is predominantly recognized at a point in time, and revenue recognized over time is not significant. Revenues are attributed to countries on the basis of the customer's location. The Region “EMEA” consists of Europe, the Middle East and Africa. The Region “Americas” is the United States, Canada and Latin-America. The Region “APAC” consists of Asia, Australia and the Pacific region.

Consolidated revenue mainly derives from sale of goods and is broken down by the selling entity. No individual customer accounts for 10% or more of the total revenue.

Contract liabilities

The Group has recognized the following liabilities related to contracts with customers:

EURm	2023/24	2022/23
Customer prepayments	12	14
Deferred revenue	33	32
Volume discounts	42	47
Right of return	27	28
Total	**114**	**121**

Significant changes in the contract liabilities balances during the year are as follows:

EURm	2023/24	2022/23
Contract liabilities		
Opening balance at 1 October	121	125
Foreign currency translation adjustments	(2)	(5)
Revenue recognized that was included in the contract liability from prior year and current year balance	(23)	(23)
Advances received during the year	14	20
Others	4	4
Closing balance at 30 September	**114**	**121**

Notes to the consolidated financial statements

2.1 Revenue (cont'd)

§ Accounting policies

Revenue from sale of products is recognized when the Group has transferred control of products sold to the buyer and it is probable that the Group will collect the consideration to which it is entitled for transferring the products. Control of the products is transferred at a point in time, typically on delivery.

Revenue is measured at the fair value of the consideration received or receivable net of discounts, VAT and other duties.

Contracts with customers sometimes include multiple promises that constitute separate performance obligations, and to which a portion of the transaction price needs to be allocated. The total transaction price in the contract is allocated to separate performance obligation based on the relative stand-alone selling prices of each such performance obligation. Each separate performance obligation is recognized when control is transferred to the customer.

When products are sold with a right of return, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. In such cases, the expected returns are estimated based on an analysis of historical experience adjusted for any known factors impacting expectations for future return rates. To the extent that the Group will be able to recover the cost of returned products, when the customers exercise their right to return, a separate right to returned products asset and a reduction in cost of sales is recognized.

Discounts, rebates and sales incentives to customers
The Group pays various discounts, rebates and sales incentives to customers including trade discounts and volume rebates. Furthermore, customer discounts include the difference between the present value and the nominal amount of loans to customers at below market interest rates, cf. Note 3.5 Customer loans.

Discounts, rebates and sales incentives to customers are deducted from revenue and are measured using either the expected value method or the most likely amount method depending on which method better predicts the amount of consideration to which the Group will be entitled net of discounts, rebates and sales incentives.

Estimates of the number of returns of products under customers right of return are based on the right of return policies and practices, accumulated historical experience, sales trends and the timing of returns from the original transaction date when applicable. Where new products are sold or products are sold to new markets, for which sufficient historical experience does not exist, refund liability and revenue to be recognized are based on estimated demand and acceptance rate for well-established products with similar market characteristics. If such similar product or market characteristics do not exist, recognition of revenue is postponed until there is evidence of consumption of the products by the customer, or when the right of return has expired.

Discounts, rebates and sales incentives are estimated and accrued when the related revenue is recognized. To make such estimates require use of judgment, as all conditions are not known at the time of the sale, e.g. the number of units sold to a given customer or the expected utilization of loyalty programmes. Liabilities in respect of sales discounts, rebates and loyalty programmes are adjusted, as the Group gain better information on the likelihood that they will be realized and the value at which they are expected to be realized.

The accrual against revenue of discounts from issuance of customer loans at off-market terms (cf. Note 3.5 Customer loans) is based on the customer's total committed purchases of products throughout the term of the customer loan, and is recognized as a discount for each product sold.

Extended warranties
The Group offers customers the option to separately purchase extended warranties for inventories sold. The extended warranty is a distinct service to the customer. Under IFRS 15, the Group accounts for a service-type warranty as a separate performance obligation to which the Group allocates a portion of the transaction price when the warranty is bundled together with the sale of inventories. The portion of the transaction price allocated to the service-type warranty is initially recorded as a contract liability and recognized as revenue on a straight-line basis over the period the warranty services are provided. Revenue is recognized when the customer receives the warranty coverage for loss and damage as part of the purchase of the hearing aid.

The standard warranty period for hearing aids varies across territories, typically between 24 and 60 months. The extended warranty covers periods beyond the standard warranty period or standard warranty terms. Payment terms vary significantly across territories.

Notes to the consolidated financial statements

2.2 Staff costs

EURm	2023/24	2022/23
Wages, salaries and remuneration	755	752
Statutory social welfare contributions	86	79
Expenses relating to pension plans and long-term employee benefits	24	23
Total	**865**	**854**
Included in:		
Cost of goods sold	124	132
Research and development expenses	121	111
Selling and general administrative expenses	620	611
Total	**865**	**854**
Number of full-time employees	12,679	12,528

For information regarding remuneration of the Board of Directors, Executive Management and other Key Management Personnel, please refer to Note 5.1 Remuneration of Key Management Personnel.

§ Accounting policies

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognized in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees concerned.

2.3 Income taxes

Income taxes consists of the following:

EURm	2023/24	2022/23
Current tax for the year	(40)	(40)
Change in deferred tax for the year	309	30
Change in deferred tax as a result of changed income tax rates	(6)	(1)
Prior-year adjustments, current tax	*	4
Prior-year adjustments, deferred tax	7	(8)
Total	**270**	**(15)**

Tax for the year is composed of:

EURm	2023/24	2022/23
Tax on profit for the year	257	(29)
Tax on other comprehensive income	13	14
Total	**270**	**(15)**

Notes to the consolidated financial statements

2.3 Income taxes (cont'd)

Income tax benefit/(expense) differs from the amounts computed by applying the statutory Denmark income tax rate of 22% (2022/23: 22%) as follows:

EURm	2023/24	2022/23
Reconciliation of effective tax rate		
Expected income tax benefit/(expense)	320	(5)
Non-deductible expenses and non-taxable income adjustments	*	(9)
Adjustments for non-deductible expenses and non-taxable income on special items, including interest deduction limitation (permanent)	(39)	(40)
Adjustments related to prior-year tax provisions	7	(4)
Revaluation of deferred tax assets	(64)	(9)
Impact of income tax rate changes on deferred tax	(6)	(1)
Effect of foreign subsidiary tax rates	13	9
Tax incentive adjustments	23	28
Incentives for research and development activities	5	4
Other adjustments, net	(2)	(2)
Total	**257**	**(29)**

Deferred Tax

EURm	2023/24	2022/23
Opening deferred tax, net	**(270)**	**(292)**
Foreign currency translation adjustments	1	1
Changes in deferred tax assets	38	16
Changes in accounting estimates	258	–
Adjustment of deferred tax, prior years	7	(8)
Impact of changes in corporate tax rates	(6)	(1)
Deferred tax relating to changes in equity, net	13	14
Closing deferred tax, net	**41**	**(270)**
Deferred tax recognized in the consolidated statement of financial position		
Deferred tax assets	52	42
Deferred tax liabilities	(11)	(312)
Deferred tax, net	**41**	**(270)**

Notes to the consolidated financial statements

2.3 Income taxes (cont'd)

Breakdown of the Group's temporary differences and changes

EURm	Tax effect of temporary differences at 1 Oct. 2023	Foreign currency translation adjustments	Recognized in loss for the year	Recognized in other comprehensive income	Tax effect of temporary differences at 30 Sept. 2024
Other assets	18	*	9	–	**27**
Intangible assets	(350)	4	272	–	**(74)**
Property, plant and equipment	(15)	*	3	–	**(12)**
Right-of-use assets	(37)	1	(3)	–	**(39)**
Inventories	24	*	1	–	**25**
Receivables	(32)	*	2	14	**(16)**
Pension plans and similar commitments	(5)	*	1	*	**(4)**
Provisions	10	(1)	(1)	–	**8**
Other liabilities	(3)	(1)	14	–	**10**
Lease liabilities	41	(1)	3	–	**43**
Tax loss, interest and other credit carry-forward	82	(1)	(8)	–	**73**
Others	(3)	*	4	(1)	*****
Total	**(270)**	**1**	**297**	**13**	**41**

* Amount less than EUR 1 mil

Notes to the consolidated financial statements

2.3 Income taxes (cont'd)

Breakdown of the Group's temporary differences and changes

EURm	Tax effect of temporary differences at 1 Oct. 2022	Foreign currency translation adjustments	Recognized in loss for the year	Recognized in other comprehensive income	Tax effect of temporary differences at 30 Sept. 2023
Other assets	16	*	2	–	**18**
Intangible assets	(377)	4	23	–	**(350)**
Property, plant and equipment	(12)	1	(4)	–	**(15)**
Right-of-use assets	(39)	1	1	–	**(37)**
Inventories	30	*	(6)	–	**24**
Receivables	(71)	(1)	27	13	**(32)**
Pension plans and similar commitments	(4)	*	(1)	–	**(5)**
Provisions	9	(1)	2	–	**10**
Other liabilities	4	(1)	(6)	–	**(3)**
Lease liabilities	43	(1)	(1)	–	**41**
Tax loss, interest and other credit carry-forward	116	(2)	(32)	–	**82**
Others	(7)	1	2	1	**(3)**
Total	**(292)**	**1**	**7**	**14**	**(270)**

* Amount less than EUR 1 mil

Notes to the consolidated financial statements

2.3 Income taxes (cont'd)

The recognized tax loss carry-forward (gross amount) of EUR 235 million (2022/23: EUR 129 million) includes tax losses of EUR 3 million (2022/23: EUR 2 million) that can be carried forward for 1 to 10 years. The remaining tax loss have no expiry date.

The recognized interest carry-forward (gross amount) of EUR 82 million (2022/23: EUR 205 million) can be carried forward indefinitely.

Unrecognized deferred tax assets

Unrecognized deferred tax assets are based on Management's expectation about future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, it is not probable that the Group will realize the benefits of these deductible differences.

Deferred tax assets (tax value) have not been recognized with respect to the following items:

EURm	2023/24	2022/23
Receivables, provisions, liabilities, etc.	2	2
Tax loss carry forwards	123	112
Interest carry forwards	30	3
Total unrecognized tax assets	**155**	**117**

Due to the interest limitation rule in the Danish corporate tax act para 11 B, the Danish Joint Taxation Group has a net loss carry forward balance on receivables of approximately EUR 26 million (2022/23: EUR 13 million). The carry forward balance is limited to three years in para 10 B, 10. Hence, and because the Danish Joint Taxation Group do not expect to be able to offset the carry forward net losses in net gains on receivables in that period, the balance has not been recognized.

Unrecognized deferred tax liabilities

The Group has not recognized deferred tax liabilities for income taxes or foreign withholding taxes on the cumulative earnings of subsidiaries of EUR 6 million (2022/23: EUR 9 million) because the earnings are intended to be permanently reinvested in the subsidiaries.

OECD Pillar II

Pillar II regulation has been enacted in Denmark. The regulation is applicable to financial years commencing on or after the 31 December 2023. The Group is in scope of the regulation. An assessment has been performed of the Group's potential exposure to Pillar II taxes in jurisdictions where it operates. Due to the group's financial year (1 October to 30 September), the regulation will be applicable for the Group in 2024/25, and hence the regulation does not have any current tax effect for the Group in this current financial year.

Pursuant to the Pillar II regulation, a multinational group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. However, the regulation provides for a transitional safe harbor ("TSH"). The TSH applies for the first three financial years. It relies on a number of simplified calculations that are mainly based on data extracted from the Group's Country-by-Country Reporting prepared under BEPS Action 13. When the TSH test is met for a jurisdiction, no top-up tax arises.

Based on the Group's Country-by-Country reporting from 2022/23, it has been assessed that the TSH applies in the majority of jurisdictions in which the Group operates. Had the Pillar II regulation been applicable to the Group's activities in the current financial year, it has been estimated that the current effect on the Group's effective tax rate should be below 0.5%, relating to business activities in Singapore.

The Group continues to monitor legislative developments that may have potential future impacts and notes that further Pillar II tax regulations in Denmark and Singapore remain subject to assessments.

Notes to the consolidated financial statements

2.3 Income taxes (cont'd)

§ Accounting policies

Income tax comprises current tax and changes in deferred tax for the year, including changes as a result of changes in tax rates. The tax expense for the year is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity.

WS Audiology A/S is jointly taxed with all Danish subsidiaries, Danish parent entities exercising control over WS Audiology A/S (T&W Medical A/S) and any Danish subsidiaries of such parent entities. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Current tax liabilities or assets are measured using the tax rates and tax laws that have been enacted or substantively enacted in each jurisdiction by the end of the reporting period.

Deferred tax is measured using the balance sheet liability method and comprises all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax is not recognized for taxable or deductible temporary differences:

- arising from the initial recognition of goodwill
- on the initial recognition of assets and liabilities in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit
- associated with investments in subsidiaries, branches, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

If amortization of goodwill is deductible for tax purposes, a deferred tax liability is recognized on temporary differences arising after initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and tax liabilities are offset if the entity has a legally enforceable right to offset current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets or to realise the assets and settle the liabilities simultaneously.

Significant judgments and accounting estimates

The Group operates in a large number of tax jurisdictions where tax legislation can be highly complex and subject to interpretation. Significant judgment and estimates are required in determining the worldwide accrual for income taxes, deferred tax assets and liabilities and uncertain tax positions.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. This judgment is made annually and based on budgets and business plans, including planned commercial initiatives, for the coming five years unless a longer period in certain situations (e.g. for start-up businesses) is warranted. Currently, a longer period than five years has not been applied in any of the jurisdictions in which the Group operates.

In the course of conducting business globally, tax and transfer pricing disputes with tax authorities may occur. Management judgment is applied to assess the possible outcome of such disputes. The “most probable outcome” method is used when determining whether to recognize any amounts related to such uncertain tax position. If it is probable that a tax adjustment will be required, the amount of such adjustment is measured at the most likely amount or the expected value, whichever method better predict the resolution of the uncertain tax position.

The IASB amendment to IAS 12, Income Taxes, has been applied by the Group. This regulation provides a mandatory temporary exception from recognizing or disclosing deferred taxes related to Pillar II such that there is no impact to the 2023/24 consolidated financial statements.

Notes to the consolidated financial statements

3 Operating assets and liabilities

3.1 Intangible assets

EURm	Goodwill	Development projects	Customer relationships	Trademarks, patents, and similar rights	Core patented technology and intellectual property	Software	Total
Cost at 1 October 2023	**3,608**	**515**	**1,416**	**193**	**843**	**169**	**6,744**
Foreign exchange adjustments	(16)	2	(13)	(2)	–	(1)	**(30)**
Additions from business combinations	3	–	1	–	–	–	**4**
Additions	–	102	–	4	–	43	**149**
Disposals	(8)	(3)	(3)	–	(1)	(5)	**(20)**
Cost at 30 September 2024	**3,587**	**616**	**1,401**	**195**	**842**	**206**	**6,847**
Accumulated amortization and impairment at 1 October 2023	**(1)**	**(207)**	**(501)**	**(111)**	**(476)**	**(119)**	**(1,415)**
Foreign exchange adjustments	–	(2)	10	1	–	1	**10**
Amortization	–	(135)	(912)	(9)	(367)	(22)	**(1,445)**
Disposals	–	–	3	–	1	5	**9**
Transfers	–	–	(1)	1	–	–	**–**
Accumulated amortization and impairment at 30 September 2024	**(1)**	**(344)**	**(1,401)**	**(118)**	**(842)**	**(135)**	**(2,841)**
Carrying amount at 30 September 2024	**3,586**	**272**	**–**	**77**	**–**	**71**	**4,006**

Notes to the consolidated financial statements

3.1 Intangible assets (cont'd)

EURm	Goodwill	Development projects	Customer relationships	Trademarks, patents, and similar rights	Core patented technology and intellectual property	Software	Total
Cost at 1 October 2022	**3,624**	**409**	**1,434**	**196**	**844**	**145**	**6,652**
Foreign exchange adjustments	(27)	(6)	(19)	(3)	–	(5)	**(60)**
Additions from business combinations	11	–	1	–	–	–	**12**
Additions	–	112	–	1	–	29	**142**
Disposals	–	–	–	(1)	–	(1)	**(2)**
Transfers	–	–	–	–	(1)	1	**–**
Cost at 30 September 2023	**3,608**	**515**	**1,416**	**193**	**843**	**169**	**6,744**
Accumulated amortization and impairment at 1 October 2022	**(1)**	**(166)**	**(434)**	**(105)**	**(419)**	**(102)**	**(1,227)**
Foreign exchange adjustments	–	4	8	2	–	4	**18**
Amortization	–	(45)	(75)	(8)	(58)	(21)	**(207)**
Disposals	–	–	–	–	–	1	**1**
Transfers	–	–	–	–	1	(1)	**–**
Accumulated amortization and impairment at 30 September 2023	**(1)**	**(207)**	**(501)**	**(111)**	**(476)**	**(119)**	**(1,415)**
Carrying amount at 30 September 2023	**3,607**	**308**	**915**	**82**	**367**	**50**	**5,329**

Notes to the consolidated financial statements

3.1 Intangible assets (cont'd)

Development costs

EURm	2023/24	2022/23
Research and development expenses incurred	183	179
Development costs capitalized as development projects	(102)	(112)
Depreciation of operating assets used for development purposes	2	2
Amortization of capitalized development projects	135	45
Total expensed development costs	**218**	**114**

§ Accounting policies

Goodwill
On initial recognition, goodwill is recognized and measured at cost. Subsequently goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized but is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash generating units (CGUs) expected to benefit from synergies of the business combination, and that represent the lowest level at which the goodwill is monitored for internal management purposes. The lowest level at which the goodwill is tested for impairment is at the level of operating segments before aggregation according to IFRS 8 Operating Segments.

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Identification of cash generating units
Management has determined that WS Audiology only has one operating segment in accordance with IFRS 8, which is related to developing, producing and selling of hearing aids, and the entire value chain from development to sale of hearing aids to end customer is integrated and interrelated. Management has assessed that the goodwill acquired relates to the entire combined value chain and monitors goodwill at group level.

Other intangible assets
Other intangible assets include development projects, acquired intellectual property, trademarks, patents and licenses, acquired customer contracts and relationships, and software.

Development projects that are clearly defined and identifiable, where the technical feasibility of completion, availability of adequate resources to complete, existence of potential future market can be demonstrated, and where Management has the intent to manufacture, market or apply the product or process in question are recognized as intangible assets. Other development costs are recognized as costs in the consolidated statement of profit or loss as incurred. The costs of development projects comprise all directly attributable costs including wages, salaries, costs to external consultants, rent, materials and services and other costs.

Notes to the consolidated financial statements

3.1 Intangible assets (cont'd)

§ Accounting policies (cont'd)

Intangible assets other than goodwill are measured at cost less accumulated amortization and impairment losses. Amortization is provided on a straight-line basis over the expected useful lives of the assets to their estimate residual value if any.

Internal development expenditure is capitalized only if it meets the recognition criteria of IAS 38 Intangible Assets. Where regulatory and other uncertainties are such that the criteria are not met, the expenditure is charged to profit or loss.

Where, however, recognition criteria are met, intangible assets are capitalized and amortized on a straight-line basis over their useful economic lives from product launch, of which judgment is required.

Costs incurred on development projects are recognized as an intangible asset when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use it;
- The product can be used;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete development and use the product are available;
- The expenditure attributable to the product during its development can be reliably measured.

The Group has defined milestones for various phases of the development of new products, from the commencement of the project to successful realization and subsequently product launch. The criteria as required by IAS 38 for the recognition of development costs, have been adapted within the work processes as criteria for the first milestone, to ensure that all criteria have been met for development cost prior to capitalization.

Notes to the consolidated financial statements

3.2 Property, plant and equipment

EURm	Land and buildings and leasehold improvements	Plant and machinery	Other plant, fixtures and operating equipment	Assets under construction	Total
Cost at 1 October 2023	130	127	153	14	424
Foreign exchange adjustments	(3)	–	(2)	–	(5)
Additions from business combinations	*	–	–	–	*
Additions	14	10	23	11	58
Disposals	(15)	(2)	(10)	–	(27)
Transfers	–	4	2	(6)	–
Cost at 30 September 2024	126	139	166	19	450
Accumulated depreciation at 1 October 2023	(56)	(87)	(99)	–	(242)
Foreign exchange adjustments	–	–	1	–	1
Depreciation	(13)	(13)	(22)	–	(48)
Disposals	6	1	9	–	16
Accumulated depreciation at 30 September 2024	(63)	(99)	(111)	–	(273)
Carrying amount at 30 September 2024	63	40	55	19	177

EURm	Land and buildings and leasehold improvements	Plant and machinery	Other plant, fixtures and operating equipment	Assets under construction	Total
Cost at 1 October 2022	148	128	163	10	449
Foreign exchange adjustments	(10)	(3)	(9)	–	(22)
Additions from business combinations	1	–	–	–	1
Additions	29	9	29	8	75
Disposals	(38)	(7)	(32)	(2)	(79)
Transfers	–	–	2	(2)	–
Cost at 30 September 2023	130	127	153	14	424
Accumulated depreciation at 1 October 2022	(83)	(87)	(113)	–	(283)
Foreign exchange adjustments	7	4	5	–	16
Depreciation	(12)	(10)	(22)	–	(44)
Disposals	32	6	31	–	69
Accumulated depreciation at 30 September 2023	(56)	(87)	(99)	–	(242)
Carrying amount at 30 September 2023	74	40	54	14	182

* Amount less than EUR 1 mil

As at 30 September 2024, the Group has contractual commitments for purchases of property, plant and equipment amounting to EUR 10 million (2022/23: EUR 14 million).

Notes to the consolidated financial statements

3.2 Property, plant and equipment (cont'd)

§ Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and costs directly attributable to bringing the asset to its location and condition necessary for its intended use. In addition, the initial estimate of the costs related to dismantling and removing the asset and restoring the site on which the asset is located are added to the cost, if relevant. Where individual components of an item of property, plant and equipment, that is material, have different useful lives, they are accounted for as separate items, and depreciated separately.

3.3 Depreciation, amortization, and impairment

EURm	2023/24	2022/23
Depreciation and impairment of property, plant, equipment, and right-of-use assets recognized in the consolidated statement of profit or loss as follows:		
Cost of goods sold	23	21
Research and development expenses	2	2
Selling and general administrative expenses	68	70
Total	**93**	**93**
Amortization and impairment of intangible assets recognized in the consolidated statement of profit or loss as follows:		
Cost of goods sold	110	37
Research and development expenses	135	45
Selling and general and administrative expenses	1,200	125
Total	**1,445**	**207**

Please refer to Note 1.3 for effects on the accelerated amortization of intangible assets.

§ Accounting policies

Depreciation
Depreciation is recognized on a straight-line basis over the expected useful lives of property, plant and equipment, taking into account the expected residual value after the end of the useful life.

The estimated useful lives are as follows:

Factory and office buildings	20 - 50 years
Technical machinery & equipment	4 - 10 years
Other fixtures and fittings, tools and equipment, furniture etc	3 - 5 years

Land is not depreciated.

Estimated useful lives and residual values are reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued. When changing the expected useful lives or the expected residual value, the effect on the depreciation is recognized prospectively as a change in accounting estimates.

Depreciation is recognized in the consolidated statement of profit or loss as cost of goods sold, research and development expenses and selling and general administrative expenses.

Amortization
Amortization is recognized on a straight-line basis over the expected useful lives of other intangible assets.

For patents, licenses, acquired intellectual property and other intangible assets arising from contractual or other legal rights, the useful life is the shorter of the period of the contractual or legal rights and the economic useful life.

For acquired customer relationships, the useful life is based on normal attrition/churn rates within the hearing aid business in the market in question. The useful life for customer contracts is based on the contractual term including expected extensions of the term.

The estimated useful lives are as follows:

Completed development projects	3 years
Patents and rights	3 - 10 years
Customer relationships acquired	3 - 5 years
Trademarks	20 years
Acquired intellectual property	5 years
Software	3 - 10 years

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. During the year, the estimated useful lives of customer relationships and core patented technology and intellectual property were reassessed. Please refer to Note 1.3 for details on the reassessment.

Amortization is recognized in the consolidated statement of profit or loss as cost of goods sold,

Notes to the consolidated financial statements

3.3 Depreciation, amortization, and impairment (cont'd)

§ Accounting policies (cont'd)

research and development expenses and selling and general administrative expenses.

Impairment
Goodwill and other intangible assets not yet available for use, e.g. development projects in progress, are not subject to amortization, but are tested for impairment at least annually, irrespective of whether there is any indication that they may be impaired.

Other intangible assets, which are subject to amortization, and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If assets do not generate cash flows that are largely independent of those from other assets or groups of assets, the impairment test is performed at the level of the CGU to which the asset belong.

Recoverability of assets is measured by comparing the carrying amount of the asset or CGU with the recoverable amount, which is the higher of the asset's or CGU's value in use and its fair value less costs to sell.

If the carrying amount of an asset, or of the CGU to which the asset belong, is higher than its recoverable amount, the carrying amount is reduced to the recoverable amount, and an impairment loss is recognized in the consolidated statement of profit or loss.

Impairment of intangible assets, other than goodwill, and impairment of property, plant and equipment is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortization had the asset not been impaired.

Significant judgments and accounting estimates

Impairment test – Goodwill
The recoverable amount of the CGU was tested on the basis of fair value less costs to sell. The fair value less cost to sell was determined mainly by computing the Enterprise Value ("EV").

The EV was estimated as of 30 September 2024 by taking the market capitalization of a comparable peer group, adjusted for the most updated carrying amounts of interest-bearing debt and other liabilities. The estimated EV was then compared with the respective consensus EBITDA to derive multiple, taking into account an illiquidity discount and control premium.

The Group applied the EV/EBITDA multiple to the adjusted consensus EBITDA of WS Audiology; the carrying amount of the CGU was determined to be lower than its recoverable amount and the Group has therefore no impairment loss to be recognized.

Key assumptions used in the determination of the fair value less costs to sell are consensus EBITDA for the comparable companies as well as for WS Audiology, where adjustments for one-time cost as described in the management commentary were factored in. Furthermore, in using the market-based EV/EBITDA multiple models, the Group has applied relevant illiquidity discount and control premium to reflect the difference in ownership structure between WS Audiology and the comparable companies. The adjusted consensus EBITDA is based on Management's best estimates and most recent financial budgets for the coming year as approved by the Board of Directors. All the above inputs are level 3 input factors according to the fair value hierarchy.

As of 30 September 2024, the EV/EBITDA multiple applied is 16.5 (2022/23: 17.9). Management has not identified any reasonably possible changes in the above key assumptions that could cause the carrying amount to exceed the recoverable amount.

The recoverable amount of the CGU is subject to estimation uncertainties and changes to the key assumptions may have significant risk of resulting in material adjustments in future periods. A decrease in EV/EBITDA multiple applied by 5.0 or a decrease in adjusted consensus EBITDA applied by 5% will not result in impairment loss.

At the time of reassessment of the useful lives of certain intangible assets during the year (cf. Note 1.3), management has also tested goodwill for impairment. As part of the assessment, the recoverable amount of the CGU was tested on the same basis and no impairment was required.

Notes to the consolidated financial statements

3.4 Right-of-use assets/Lease liabilities

Right-of-use assets:

EURm	Buildings and retail shops	Vehicle fleet	Other plant, fixtures and operating equipment	Total
Cost at 1 October 2023	**346**	**11**	**2**	**359**
Foreign currency translation adjustments	(5)	1	(1)	**(5)**
Additions	195	9	1	**205**
Disposals	(261)	(13)	(1)	**(275)**
Remeasurement	13	–	–	**13**
Cost at 30 September 2024	**288**	**8**	**1**	**297**
Accumulated depreciation and impairment at 1 October 2023	**(155)**	**(7)**	**(1)**	**(163)**
Foreign currency translation adjustments	3	(1)	–	**2**
Depreciation	(50)	(2)	–	**(52)**
Disposals	114	7	1	**122**
Accumulated depreciation and impairment at 30 September 2024	**(88)**	**(3)**	*****	**(91)**
Carrying amount at 30 September 2024	**200**	**5**	**1**	**206**

EURm	Buildings and retail shops	Vehicle fleet	Other plant, fixtures and operating equipment	Total
Cost at 1 October 2022	**307**	**10**	**2**	**319**
Foreign currency translation adjustments	(12)	–	–	**(12)**
Additions	60	3	–	**63**
Disposals	(25)	(2)	–	**(27)**
Remeasurement	16	–	–	**16**
Cost at 30 September 2023	**346**	**11**	**2**	**359**
Accumulated depreciation and impairment at 1 October 2022	**(115)**	**(5)**	**(1)**	**(121)**
Foreign currency translation adjustments	4	–	–	**4**
Depreciation	(45)	(4)	–	**(49)**
Disposals	15	2	–	**17**
Remeasurement	(14)	–	–	**(14)**
Accumulated depreciation and impairment at 30 September 2023	**(155)**	**(7)**	**(1)**	**(163)**
Carrying amount at 30 September 2023	**191**	**4**	**1**	**196**

Notes to the consolidated financial statements

3.4 Right-of-use assets/Lease liabilities (cont'd)

During the year, the Group migrated to a new lease accounting system. As part of the migration, all data on the Group's lease contracts previously maintained in the old lease accounting system were transferred to the new system effective 1 February 2024. The last date of maintenance of the Group's lease contracts information and accounting records in the old lease accounting system was 31 January 2024. All right-of-use assets costs and accumulated depreciation balances maintained in the old system as of 31 January 2024 were recorded as a disposal and the right-of-use assets costs recalculated in the new system as of 1 February 2024 were recorded as an addition. The net impact arising from the adjustments is EUR 7 million recorded as depreciation expense.

Other disclosures relating to right-of-use assets/lease liabilities are as follows:

EURm	2023/24	2022/23
Interest expense on lease liabilities	(18)	(11)
Lease expense not capitalized in lease liabilities:		
Lease expense – short-term leases and low value assets	(11)	(6)
Variables lease payment which do not depends on an index or rate	*	*
Total cash outflow for all leases	(64)	(60)

* Amount less than EUR 1 mil

The incremental borrowing rates of the Group's lease liabilities range from 4% to 25% (2022/23: 3% to 15%) per annum as at 30 September 2024. The maturity analysis of the lease liabilities is included in Note 4.2 Financial risks and financial instruments.

§ Accounting policies

When the Group is the lessee:
At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets
The Group recognized a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Lease liabilities
The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease if the rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is used.

Lease payments include the following:
- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account for these as one single lease component.

Notes to the consolidated financial statements

3.4 Right-of-use assets/Lease liabilities (cont'd)

Lease liability is measured at amortized cost using the effective interest method. Lease liability is remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group’s assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term and low value leases

The Group has elected to not recognize right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases, except for leased asset subject to sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Significant judgments and accounting estimates

The lessee's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. That is, the rate specific to:

- The lessee – i.e. it is a company specific rate that reflects the credit worthiness of the company
- The term of the arrangement
- The amount of the funds “borrowed”
- The “security”- i.e. the nature and quality of the underlying asset; and
- The economic environment, encompassing the jurisdiction, the currency and the date at which the lease entered into.

3.5 Customer loans

Customer loans are as follows:

EURm	2023/24	2022/23
Non-current	57	57
Current	16	16
Total	**73**	**73**

The below table shows the carrying amount of customer loans by categories representing Management’s credit risk assessment (credit risk rating grades) and gross carrying amounts.

Group internal credit rating	Expected credit loss (ECL) rate	Basis for recognition of expected credit loss	Gross carrying amount (EURm)
30 September 2024:			
Performing	1%	12-month expected credit loss (Low risk)	52
Performing	4%	12-month expected credit loss (Medium risk)	17
Underperforming	45%	Lifetime expected credit losses (High risk)	6
Credit impaired	84%	Assets derecognized through the consolidated statement of profit or loss (In default)	12
Total customer loans at 30 September 2024			**87**
30 September 2023:			
Performing	1%	12-month expected credit loss (Low risk)	49
Performing	5%	12-month expected credit loss (Medium risk)	19
Underperforming	38%	Lifetime expected credit losses (High risk)	8
Credit impaired	93%	Assets derecognized through the consolidated statement of profit or loss (In default)	15
Total customer loans at 30 September 2023			**91**

Notes to the consolidated financial statements

3.5 Customer loans (cont'd)

The 12-month and lifetime expected credit losses (ECL) have developed as follows:

EURm	Performing (12-month ECL – Low risk)	Performing (12-month ECL – Medium risk)	Under-performing (Lifetime ECL)	Credit impaired (Lifetime ECL)	Total
Opening loss allowance at 1 October 2023	*	1	3	14	18
Foreign currency translation differences	–	–	(1)	(1)	(2)
Net remeasurement of loss allowance	*	*	1	(3)	(2)
Closing loss allowance at 30 September 2024 (calculated under IFRS 9)	*	1	3	10	14
Opening loss allowance at 1 October 2022	–	1	5	16	22
Foreign currency translation differences	–	–	–	(1)	(1)
Net remeasurement of loss allowance	*	–	(2)	(1)	(3)
Closing loss allowance at 30 September 2023 (calculated under IFRS 9)	*	1	3	14	18

* Amount less than EUR 1 mil

The following significant changes in gross carrying amount of customer loans contributed to changes in the loss allowance:

- New customer loans of EUR 20 million (2022/23: EUR 22 million) were issued in the financial year ended 30 September 2024;
- Customer loans with a gross carrying amount of EUR 1 million (2022/23: EUR 1 million) went from performing to underperforming during the financial year ended 30 September 2024;
- Customer loans with a gross carrying amount of EUR 18 million (2022/23: EUR 17 million) were repaid in the financial year ended 30 September 2024.

§ Accounting policies

Customer loans are initially recognized at fair value less transaction costs and subsequently measured at amortized cost 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 recognized in the consolidated statement of profit or loss as a reduction of revenue as and when the customer purchases goods from the Group.

The fair value of customer loans at initial recognition is measured at the present value of future repayments of the loan discounted at a market interest rate corresponding to the money market rate based on the expected maturity of the loan with the addition of a risk premium. The effective interest on customer loans is recognized as interest income in the consolidated statement of profit or loss over the term of the loans.

A loss allowance is recognized at initial recognition and subsequently based on 12-months expected credit losses, unless a significant increase has arisen since the initial recognition of the loan, in which case the loss allowance is based on lifetime expected credit losses.

Customer loans are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

Notes to the consolidated financial statements

3.6 Other assets

Other non-current assets are as follows:

EURm	2023/24	2022/23
Prepaid assets	2	3
Asset for deferred compensation plan	13	11
Derivative financial instruments	2	17
Deposits	7	7
Deferred service cost	2	1
Others	8	9
Total	**34**	**48**

Other current assets are as follows:

EURm	2023/24	2022/23
Prepaid assets	26	31
Derivative financial instruments	9	61
Miscellaneous tax receivables	30	39
Deposits	1	2
Others	18	14
Total	**84**	**147**

§ Accounting policies

Other non-derivative financial assets are recognized initially at fair value less directly attributable trans-actions costs. Subsequently, they are measured at amortized cost using the effective interest method less impairment. A loss allowance is recognized at initial recognition and subsequently based on 12-months expected credit losses, unless a significant increase has arisen since the initial recognition of the loans and receivables, in which case the loss allowance is based on lifetime expected credit losses.

For accounting policies on derivative financial instruments, please refer to Note 4.2.

3.7 Inventories

EURm	2023/24	2022/23
Raw materials and purchased components	86	95
Work in progress	26	21
Right of return	10	13
Finished goods and goods for resale	101	77
Total	**223**	**206**
Write-downs, provisions for obsolescence etc. included in the above	(42)	(38)

Included in the consolidated statement of profit or loss under production costs:

EURm	2023/24	2022/23
Write-downs of inventories for the year	(6)	–
Reversal of write-downs of inventories for the year	–	3
Cost of goods sold during the year	(633)	(697)
Total	**(639)**	**(694)**

§ Accounting policies

Inventories are measured at the lower of cost and net realisable value, cost being generally determined on the basis of a weighted average method. Cost comprises raw materials, consumables, direct labour and indirect production overheads. Indirect production overheads comprise indirect supplies, wages, and salaries, amortization of brands and software, as well as maintenance and depreciation of machinery, plant and equipment used for production.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Notes to the consolidated financial statements

3.8 Trade receivables

EURm	Current not due	1-30 days past due	31-60 days past due	61-90 days past due	91-180 days past due	More than 181 days past due	Total
30 September 2024							
Gross carrying amount – Trade receivables	266	35	15	10	17	30	**373**
Sales rebates	(26)	–	–	–	–	–	**(26)**
Specific loss allowance at 30 September 2024 (expected credit loss model)	(3)	(1)	(1)	(1)	(2)	(16)	**(24)**
General loss allowance at 30 September 2024 (expected credit loss model)	(1)	(2)	*	*	*	(1)	**(4)**
Trade receivables at 30 September 2024	**236**	**32**	**14**	**9**	**15**	**13**	**319**
Expected loss rate	**-1.5%**	**-8.6%**	**-6.7%**	**-10.0%**	**-11.8%**	**-56.7%**	**-7.5%**
30 September 2023							
Gross carrying amount – Trade receivables	269	31	14	8	14	29	**365**
Sales rebates	(31)	–	–	–	–	–	**(31)**
Specific loss allowance at 30 September 2023 (expected credit loss model)	(2)	(1)	(1)	(1)	(2)	(21)	**(28)**
General loss allowance at 30 September 2023 (expected credit loss model)	(1)	*	*	*	(1)	*	**(2)**
Trade receivables at 30 September 2023	**235**	**30**	**13**	**7**	**11**	**8**	**304**
Expected loss rate	**-1.1%**	**-3.2%**	**-7.1%**	**-12.5%**	**-21.4%**	**-72.4%**	**-8.2%**

* Amount less than EUR 1 mil

Notes to the consolidated financial statements

3.8 Trade receivables (cont'd)

The below table shows the movement in lifetime expected credit losses that has been recognized for trade receivables and contract assets in accordance with the simplified approach set out in IFRS 9.

EURm	Collectively assessed	Individually assessed (credit impaired)	Total
Opening loss allowance at 1 October 2023	(2)	(28)	(30)
Net remeasurement of loss allowance	(2)	6	4
Amounts written off	–	(2)	(2)
Closing loss allowance at 30 September 2024	(4)	(24)	(28)
Opening loss allowance at 1 October 2022	(2)	(27)	(29)
Net remeasurement of loss allowance	–	(1)	(1)
Amounts written off	*	–	*
Closing loss allowance at 30 September 2023	(2)	(28)	(30)

* Amount less than EUR 1 mil

Receivables acquired in business combinations are recognized in the consolidated financial statements at fair value at the date of acquisition, which in most cases equals the carrying amounts net of loss allowance. Expected credit losses related to receivables acquired in business combinations are therefore only included in the above to the extent that the loss allowance for the receivables has increased compared to the acquisition date.

§ Accounting policies

Trade receivables and contract assets are measured at amortized cost less allowance for lifetime expected credit losses.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. For trade receivables and contract assets that are considered credit impaired, the expected credit loss is determined individually.

Loss allowance is calculated using a provision matrix that incorporates an ageing factor, geographical risk and specific customer knowledge. The provision matrix is based on historical credit losses incurred within relevant time bands of days past due adjusted for a forward-looking element.

Trade receivables and contract assets are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

Notes to the consolidated financial statements

3.9 Other liabilities

Other non-current liabilities are as follows:

EURm	2023/24	2022/23
Derivative financial instruments	48	2
Deferred revenue	16	23
Employee related liabilities	2	3
Liability under MPP scheme	14	53
Others	2	4
Total	**82**	**85**

Other current liabilities are as follows:

EURm	2023/24	2022/23
Accrued interest	116	102
Bonuses and discounts to customers	15	19
Customers with net credit balances	8	9
Customer prepayment	12	12
Deferred revenue	17	14
Derivative financial instruments	2	2
Employee related liabilities	84	82
Payroll and social security taxes	45	45
Sales tax and other tax liabilities	18	18
Others	23	21
Total	**340**	**324**

§ Accounting policies

Financial liabilities are measured initially at fair value less transaction costs and subsequently at amortized cost using the effective interest rate method.

The Group bifurcates embedded derivatives at initial recognition when they are not closely related to the respective host contract. Bifurcated derivatives are measured at fair value through profit or loss.

Liability under MPP scheme is measured at fair value, with reference to Note 5.2.

Other liabilities are measured at amortized cost.

Notes to the consolidated financial statements

3.10 Provisions

EURm	Warranties	Right of return	Asset retirement obligation	Earnout provision	Others	Total
Provisions at 1 October 2023	**54**	**28**	**8**	**14**	**10**	**114**
Foreign exchange adjustments	–	(1)	–	–	–	**(1)**
Additions	37	10	–	–	15	**62**
Additions through business combinations	–	–	–	2	–	**2**
Usage	–	(2)	–	(3)	–	**(5)**
Reversals	(29)	(8)	–	(9)	(7)	**(53)**
Provisions at 30 September 2024	**62**	**27**	**8**	**4**	**18**	**119**
Which is presented in the consolidated statement of financial position as						
Non-current liabilities	25	–	8	4	13	**50**
Current liabilities	37	27	–	–	5	**69**
Provisions at 30 September 2024	**62**	**27**	**8**	**4**	**18**	**119**

The Group's provisions are generally expected to result in cash outflow during the next 1 to 10 years.

Warranties represent Management's best estimate of the Group's liability under assurance type warranties granted on hearing aids sold. The warranty period of regular assurance type warranties differs depending on jurisdictions and ranges between 2 and 5 years.

Right of return relates to products sold for which customers have the right to return the products at their own discretion within a specified period. Based on historical data, return rates are calculated and provisions are recorded to cover the expected cost.

Asset retirement obligation relates to the Group's obligations to restore rented premises to the certain standards upon the expiry of the lease contracts including removal of leasehold improvements and other assets from the premises.

Earnout provision from business combinations relates to components of the purchase price for which the payments depend on the achievement of defined performance measures. There was no material business combination during the year.

§ Accounting policies

A provision is recognized in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect is material, provisions are measured at present value by discounting the expected future cash flows expected to settle the liability at a pre-tax rate that reflects current market assessment of the time value of money.

Notes to the consolidated financial statements

3.10 Provisions (cont'd)

Significant judgments and accounting estimates

Significant estimates are involved in the determination of provisions related to warranty costs, right of return, legal proceedings. Due to the technological features of the Group's products, the Group incurs a substantial amount of warranty costs and the determination of future warranty costs related to products sold is based on historic results as well as estimated product defects.

In some jurisdictions, the Group sells extended warranties to customers and/or provide other service-type warranties in addition to regular (assurance-type) warranties. Such warranties are treated as separate performance obligations in the contracts with the customers and are recognized as contract liabilities and not provisions. In determining whether a warranty is an assurance type warranty or a service type warranty, Management considers factors such as whether the warranty is required by law, the length of the warranty coverage period and the nature of the tasks that the entity promises to perform in case of product defects. Generally, warranties covering periods after 3 years from the sale of the hearing aid are considered to be service-type warranties and treated as separate performance obligations.

The Group is from time to time subject to legal disputes and regulatory proceedings in several jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties, damage claims and other claims against the Group. Regulatory and legal proceedings as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. Accordingly, Management exercises considerable judgment in determining whether there is a present obligation as a result of a past event, whether it is more likely than not that an outflow of economic resources will be required and the estimated amount of such outflow. Management considers the input of external counsels on each case, as well as known outcomes in case law. Although, Management believes that the total provisions for legal proceedings are adequate based on currently available information, there can be no assurance that there will not be any changes in facts or circumstances, or that any future lawsuits, claims, proceedings or investigations will not be material.

Notes to the consolidated financial statements

4 Capital structure and financing items

4.1 Outstanding shares

	Outstanding shares (mil)	Total number of shares (mil)	Nominal value of outstanding shares (EURm)
Number/value of shares at 30 September 2023	100	100	100
Issuance of shares	11	11	11
Number/value of shares at 30 September 2024	111	111	111

All shares are fully issued and paid up. During the year, the share capital was increased by 11,269,805 ordinary shares by cash payment of EUR 500,000,000 at a nominal value of EUR 1 per share. After the capital increase, the Group's share capital of EUR 111,270,005 is divided into a corresponding number of 111,270,005 shares with equal voting and dividend rights (2022/23: EUR 100,000,200 divided into a corresponding number of 100,000,200). There are no restrictions on the negotiability or voting rights of the shares.

Capital structure
The Group's ambition is to maintain access to a strong capital base and with a high degree of investor, creditor and market confidence to support the strategic development of the Group. To support this ambition, the Group has obtained a credit rating from the three rating agencies Moody's, Standard & Poor and Fitch Ratings (refer to page 34).

The capital structure of the Group consists of net debt (short-term and long-term borrowings disclosed in Note 4.2 after deducting cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests).

The Group raised debt in 2019 to finance the establishment of the Group through the merger of Sivantos and Widex. In April 2024, the Group refinanced its debt, extending the maturity of the senior secured term loans by 3 years to 2029. As part of the refinancing, EUR 500 million of equity injection from the shareholders was used to deleverage the capital structure and the 2nd lien loan was repaid with proceeds from a new PIK note. Further, the Revolving Credit Facility was increased from EUR 260 million to EUR 350 million.

In September 2024 the Group repriced its senior secured debt and raised EUR 100 million of incremental term loans to reduce the amount drawn on the revolving facility with effect from October 2024.

The Group's debt is shown in table below:

Debt	Maturity	Hedge interest	Interest rate
30 September 2024			
Term Loan B EUR 1,830 million[1]	February 2029	Partly till FY 2027	Euribor + 4.5%[1]
Term Loan B USD 1,047 million[2]	February 2029	Partly till FY 2027	Term SOFR + 4.25%[2]
PIK note EUR 525 million	August 2029	No	Euribor + 8.0%
Drawn Revolving Credit Facility EUR 128 million	August 2028	No	Euribor + 3.5%
30 September 2023			
Term Loan B EUR 2,063 million	February 2026	Partly till FY 2024	Euribor + 4.0%
Term Loan B USD 1,180 million	February 2026	Partly till FY 2024	Libor + 3.75%
2nd Lien Loan EUR 525 million	February 2027	Partly till FY 2024	Euribor + 6.75%
Drawn Revolving Credit Facility EUR 85 million	August 2025	No	Euribor + 2.75%

[1] Increased to EUR 1,900 million with interest rate at Euribor + 4.0% after repricing effective 30 October 2024
[2] Increased to USD 1,085 million with interest rate at Term SOFR + 3.75% after repricing effective 30 October 2024

If Euribor or Term SOFR is less than zero, the rate shall be deemed as zero.

The senior secured term loans are secured by a pledge of the shares of major subsidiaries as well as pledge of assets of major subsidiaries and are subject to a loan covenant. The Group has complied with the loan covenants of the Senior Facilities Agreement.

Interest rate benchmark transition for non-derivative financial instruments
The Group had repriced its loans from LIBOR equivalent rates to Term SOFR. Due to the bi-annual interest setting, the first interest period priced on Term SOFR took effect from 31 October 2023. There were no material changes from the change in interest rate benchmark.

Notes to the consolidated financial statements

4.1 Outstanding shares (cont'd)

§ Accounting policies

Proposed dividend is recognized as a liability at the date when it is adopted at the Annual General Meeting (declaration date). The dividend recommended by the Board of Directors, and therefore expected to be paid for the year, is disclosed in the notes.

Significant judgments

The refinancing transaction involved the replacement of the original debt with a new debt. Management assessed that the new debt offering was an arm's length market offering that was not dependent on the redemption of the original debt. Factors assessed include the early redemption option clause in the original debt agreement under which the existing debt were settled, the issuance of new debt being offered in a marketplace not exclusive to existing lenders, equal terms being offered to all new lenders and the composition of lenders of the new debt.

Management has determined that the settlement of the original term loans as part of the refinancing transaction meets the criteria for derecognition under IFRS 9 as the liabilities were settled in full and the legal obligations to repay under the existing facility agreement were extinguished.

4.2 Financial risks and financial instruments

Financial risk management

The Group is exposed to financial risks arising from its operating, investing and financial activities, including foreign exchange risk, interest rate risk, liquidity risk and credit risk.

Liquidity risk, foreign exchange risk and interest rate risk are managed by Group Treasury while customer credit risk is managed by the individual business units and affiliates based on a new credit policy implemented during the year. The Group uses financial instruments only to mitigate interest rate risk and foreign exchange risk. The objective, policies and processes for managing the risk exposure to these items are further explained in the following sections.

Credit risk

Credit risk is defined as an unexpected loss in cash and earnings if the customer is unable to pay its obligations in due time. The Group may incur losses if the credit quality of its customers deteriorates or if they default on their payment obligations to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables including loans to customers.

The Group has exposure to customer credit risk and the credit risk is monitored on an ongoing basis. This includes the review of individual receivables and of individual customer creditworthiness on a case-by-case basis as the analysis of individual customer payment performance and historical bad debts. Credit evaluations are performed on all customers annually and on an ongoing basis. The Group does not require collateral in respect of financial assets. However, the Group has credit enhancements such as personal guarantees and share pledges related to customer loan. Assessment of the credit risk related to customers is further described in Note 3.5 Customer loans and Note 3.8 Trade receivables.

There were no significant concentrations of credit risk at 30 September 2024 and 30 September 2023.

The maximum exposure to credit risk of financial assets is represented by their carrying amount. Concerning trade receivables and other receivables, as well as loans or receivables included in line item 'Other financial assets' that are neither impaired nor past due, there were no indications as of 30 September 2024 (2022/23: Nil) that defaults in payment obligations will occur.

Liquidity risk

Liquidity risk results from the Group's potential inability to meet its financial liabilities.

The Group finances itself from its operating cash flow and its available liquidity, including cash balances and the Revolving Credit Facility.

The Group held cash and cash equivalents of EUR 96 million as of 30 September 2024 (2022/23: EUR 114 million). In addition, the Group has access to EUR 217[1] million (2022/23: EUR 166 million) of undrawn Revolving Credit Facility as of 30 September 2024. With its strong operating cash flow, the Group expects to be able to meet all of its present and future obligations arising from operational cash needs.

In addition to having implemented effective working capital and cash management, the Group has implemented short-term and medium term-liquidity forecasts. Group Treasury monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

The Group maintains an in-house banking and cash pool setup. A significant part of cash balances from affiliates is pooled centrally with Group Treasury to secure an effective liquidity management and use of funds within the Group.

The following table reflects all contractually fixed payoffs for settlement, repayments and interest resulting from recognized financial liabilities. It includes expected net cash outflows from derivative financial liabilities that were in place at 30 September 2024 and 30 September 2023. Such expected net cash outflows are undiscounted net cash outflows for the respective upcoming financial years, based on the earliest date on which the Group could be required to pay. Cash outflows for financial liabilities (including interest) without fixed amount or timing are based on the conditions existing at 30 September 2024 and 30 September 2023.

[1] Exclude EUR 5 million of revolving credit facility set aside for guarantees

Notes to the consolidated financial statements

4.2 Financial risks and financial instruments (cont'd)

EURm	Less than 1 year	Between 1-5 years	More than 5 years	Total
30 September 2024				
Interest-bearing debt	251	4,669	–	4,920
Lease liabilities	62	144	95	301
Trade payables	223	–	–	223
Other financial liabilities	297	16	–	313
Total non-derivative financial liabilities	**833**	**4,829**	**95**	**5,757**
Derivative financial liabilities	**2**	**48**	**–**	**50**
30 September 2023				
Interest-bearing debt	337	4,331	–	4,668
Lease liabilities	51	132	92	275
Trade payables	252	–	–	252
Other financial liabilities	273	56	–	329
Total non-derivative financial liabilities	**913**	**4,519**	**92**	**5,524**
Derivative financial liabilities	**2**	**2**	**–**	**4**

The risk implied from the values in the table above reflects the one-sided scenario of cash outflows only. Obligations under trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's ongoing operations such as property, plant and equipment, and investments in working capital such as inventories and trade receivables.

Foreign currency risk

Translation risk and effects of foreign currency translation
Most of the Group's entities are located outside the Eurozone. Since the Group's reporting currency is EUR, the financial statements of foreign operations are translated into EUR for the preparation of the consolidated financial statements. To consider the effects of foreign currency translation in the risk management, the general assumption is that investments in foreign operations are permanent and that reinvestment is continuous. Effects from foreign currency exchange rate fluctuations on the translation of net assets amounts into EUR are reflected in the Group's consolidated statement of changes in equity. The Group does not hedge net investments in foreign operations.

Sensitivity analysis for foreign currency risk
The following table demonstrates the approximate effect from the Group's cash, trade receivables, trade payables and loans on the Group's consolidated statement of profit or loss (financial items) in response to fluctuation of the currencies other than the Group's reporting currency EUR. This analysis assumes that all other variables, in particular interest rates, remain constant.

EURm	(Loss)/Profit
30 September 2024	
JPY +5%	(20)
USD +5%	(16)
SGD +5%	(3)
30 September 2023	
USD +5%	(60)
SGD +5%	(5)
BRL +5%	2

Notes to the consolidated financial statements

4.2 Financial risks and financial instruments (cont'd)

Interest rate risk

At 30 September 2024, the Group's long-term debt consists of secured term loans of EUR 1,830 million (2022/23: EUR 2,063 million) and USD 1,047 million (2022/23: USD 1,180 million) with a floating interest rate of which 72% (2022/23: 90%) have been swapped into fixed interest rate. The hedge ratio does not include PIK note of EUR 525 million due to the non-cash nature of the debt instrument. The hedge ratio would have been 58% including PIK note. The Group has applied hedge accounting in relation to most of these interest rate and cross currency swaps. The Group did not adopt hedge accounting for cross currency swaps used to convert USD debt to JPY debt which better match our Group's commercial EBITDA exposure.

Specification of net interest-bearing debt

EURm	2023/24	2022/23
Cash and cash equivalents	96	114
Bank loans, non-current liabilities	(3,316)	(3,668)
Bank loans, current liabilities	(88)	(56)
Total net interest-bearing debt	**(3,308)**	**(3,610)**

Interest rate sensitivity analysis

The Group is exposed to changes in the following interest rates: EURIBOR and LIBOR or Term SOFR. The sensitivity analysis has been determined based on the exposure to interest rates at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding (after hedging) at the reporting date was outstanding for the whole year. A 1 percentage point increase or decrease is used when reporting interest rate risk and represents management's assessment of the reasonably possible change in interest rates.

At 30 September 2024, if interest rates had been 1 percentage point higher and all other variables were held constant, the Group's financial results for the financial year ended 30 September 2024 would reduce by EUR 14 million (2022/23: EUR 4 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Hedging of future cash flows

Foreign currency exposure and hedging

The Group has cash flow in foreign currencies due to its international operations and USD denominated debt which exposes the Group to fluctuations in exchange rates vs reporting currency EUR. Foreign currency exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Group manufactures and distributes most of its products in Singapore and Denmark. The products are sold to its regional affiliates and as a general principle invoiced in the currency of the buying entities.

The majority of the Group's sales and costs are in USD, EUR, JPY, GBP, DKK and SGD. The largest foreign exchange risk for the Group are JPY, USD and SGD. The exchange rate risk in DKK is regarded as low because of DKK's fixed exchange rate against EUR. The Group's hedging policy is to reduce the Group currency exposure mainly through employment of foreign exchange forward contracts to mitigate the Group's major risks from adverse foreign exchange movements impact on net cashflow for 3 to 12 months rolling forward.

The Group's currency risk is centrally managed by Group Treasury. The policy for the Group is to maintain an adequate hedging level of between 40% and 90% for currencies of net exposure above a threshold of EUR 15 million with exception given to currencies with high cost of hedging and low cashflow predictability. Group Treasury is not allowed to undertake any financial transactions in foreign currencies of speculative nature. The Group uses forward contracts to hedge its currency risk in order to mitigate negative impact of adverse movements in foreign exchange rates on the Group's operating results.

The Group has also adopted a strategy to hedge its financial leverage by converting 70% of its USD denominated debt into EUR and JPY through the use of cross currency interest rate swaps. This reduces the financial leverage volatility by having a currency composition of the debt structure that better matches the Group's commercial EBITDA exposure.

Notes to the consolidated financial statements

4.2 Financial risks and financial instruments (cont'd)

Cash flow hedges of foreign currency risk

Hedging instruments:

30 Sept. 2024	Average exchange rate	Notional value: Foreign currency	Notional value: Functional currency (EUR)	Carrying amount of hedging instruments – Assets	Carrying amount of hedging instruments – Liabilities
	Rate	mil	EURm	EURm	EURm
Sell AUD					
< 3 months	1.66	(10.0)	6.0	–	(0.2)
3-12 months	1.65	(29.7)	18.0	–	(0.2)
Sell CAD					
< 3 months	1.48	(10.3)	7.0	0.2	–
3-12 months	1.49	(26.9)	18.0	0.3	–
Sell CNY					
< 3 months	7.87	(23.6)	3.0	–	*
3-12 months	7.82	(78.3)	10.0	*	–
Sell GBP					
< 3 months	0.87	(6.0)	7.0	–	(0.3)
3-12 months	0.86	(29.3)	34.0	–	(0.7)
Sell JPY					
< 3 months	152.74	(2,276.1)	15.0	0.7	–
3-12 months	155.19	(6,983.6)	45.0	0.5	–
Sell NOK					
< 3 months	11.95	(23.9)	2.0	–	*
3-12 months	11.66	(134.0)	11.5	0.2	–
Buy SGD					
< 3 months	1.45	29.0	(20.0)	0.3	–
3-12 months	1.45	94.2	(65.0)	0.8	–
Buy USD					
> 12 months	1.10	315.0	(281.4)	–	(3.9)
				3.0	**(5.3)**

* Amount less than EUR 0.1 mil

30 Sept. 2023	Average exchange rate	Notional value: Foreign currency	Notional value: Functional currency (EUR)	Carrying amount of hedging instruments – Assets	Carrying amount of hedging instruments – Liabilities
	Rate	mil	EURm	EURm	EURm
Sell AUD					
< 3 months	1.59	(12.7)	8.0	0.2	–
3-12 months	1.62	(27.5)	17.0	0.2	–
Sell CAD					
< 3 months	1.47	(10.3)	7.0	–	(0.2)
3-12 months	1.47	(27.9)	19.0	–	(0.5)
Sell GBP					
< 3 months	0.88	(4.4)	5.0	–	(0.1)
3-12 months	0.88	(27.9)	31.0	–	(0.2)
Sell JPY					
< 3 months	139.38	(2,090.6)	15.0	1.6	–
3-12 months	145.29	(7,990.9)	55.0	2.9	–
Sell NOK					
3-12 months	11.35	136.2	12.0	–	*
Buy SGD					
< 3 months	1.45	29.0	(20.0)	0.1	–
3-12 months	1.45	91.4	(63.0)	0.4	–
				5.4	**(1.0)**

* Amount less than EUR 0.1 mil

Notes to the consolidated financial statements

4.2 Financial risks and financial instruments (cont'd)

Hedged Items - Foreign currency hedge
The hedged items are forecasted transactions and loans denominated in foreign currencies. The ineffective portions of these hedges are insignificant.

Interest rate risk hedging
The Group has long-term loans on floating interest rate which expose the Group to interest rate fluctuations. Interest rate and cross currency swaps are used to hedge interest rate risks arising from the floating rate loans. The strategy for the Group is to maintain an adequate hedging ratio of between 35% to 90% of its interest rate exposure for rolling 24 months. The Board of Directors has the mandate to approve an exception to the strategy. The Group applied hedge accounting in relation to these interest rate swaps.

Cash flow hedges of interest rate risk
Hedging instruments:

30 Sept. 2024	Weighted average rate	Notional value: Foreign currency	Notional value: Functional currency (EUR)	Carrying amount of hedging instruments – Assets	Carrying amount of hedging instruments – Liabilities
	Rate	mil	EURm	EURm	EURm
EUR – 6m Euribor					
<6 months	3.34	1,300.0	1,300.0	0.9	–
6-36 months	2.71	1,300.0	1,300.0	–	(14.2)
USD					
<6 months	3.70	600.0	535.9	0.7	–
6-36 months[1]	6.70	315.0	281.4	–	(5.2)
				1.6	**(19.4)**

[1] Converted to EUR debt and include margin of 4.25%

30 Sept. 2023	Weighted average rate	Notional value: Foreign currency	Notional value: Functional currency (EUR)	Carrying amount of hedging instruments – Assets	Carrying amount of hedging instruments – Liabilities
	Rate	mil	EURm	EURm	EURm
EUR – 6m Euribor					
<6 months	0.68	1,865.0	1,865.0	29.0	–
6-15 months	2.80	1,300.0	1,300.0	15.0	–
EUR – 3m Euribor					
<6 months	1.04	475.0	475.0	3.0	–
USD					
<6 months	1.32	1,080.0	1,019.0	15.0	–
6-15 months	3.70	600.0	566.0	9.0	–
				71.0	**–**

Hedged Items – Interest rate hedge
The hedged items are future interest payments on the Group's debt which are under floating interest rates. Details of the Group's debt are disclosed in Note 4.1.

Notes to the consolidated financial statements

4.2 Financial risks and financial instruments (cont'd)

Cash Flow Hedge Reserve

The risk categories recognized in the cash flow hedge reserve is reconciled in the table below with items impacting the comprehensive income for the period.

EURm	2023/24	2022/23
Carrying amount at 1 October	34	73
Changes in fair value:		
Foreign currency risk – cash flow hedge	3	*
Interest rate risk – cash flow hedge	(59)	(52)
Tax effect	15	13
Carrying amount at 30 September	**(13)**	34

* Amount less than EUR 1 mil

§ Accounting policies

Derivative financial instruments, including hedge accounting

The Group uses various financial instruments to reduce the impact of foreign exchange and interest rates on financial results. The derivative financial instruments are used to manage the exposure to market risk. Treasury enters into derivative contracts in accordance with Group policies. Financial instruments used include foreign currency exchange contracts, interest rate swaps, interest rate floors and loan repayment call option (the latter two being bifurcated embedded derivatives).

All derivative financial instruments are recognized initially and subsequently at fair value. Any attributable transaction costs are recognized in the consolidated statement of profit or loss in other financial income, net as incurred.

On initial recognition, Management determines if the derivative financial instrument qualifies for hedge accounting and if so, designates the instrument as a hedging instrument in a fair value hedge, cash flow hedge or hedge of net investment respectively.

Cash flow hedges

For cash flow hedges, the portion of the fair value adjustments on the hedging instrument that is an effective hedge is recognized in other comprehensive income and accumulated in a separate reserve in equity. The cumulative fair value adjustments of these contracts are transferred from the reserve in equity and recycled to the consolidated statement of profit or loss through other comprehensive income when the hedged transaction is recognized in the consolidated statement of profit or loss. However, when the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the transfer from the reserve in equity is recognized directly in the initial cost or other carrying amount of the asset or liability without recycling through other comprehensive income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the reserve within equity at that time remains in the reserve and is recognized when the forecast transaction is ultimately recognized in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss existing in the reserve is immediately transferred to the consolidated statement of profit or loss as a recycling through other comprehensive income and recognized in other financial income, net.

Notes to the consolidated financial statements

4.2 Financial risks and financial instruments (cont'd)

Categories of financial assets and financial liabilities and Fair value hierarchy

The below table shows the categories of financial assets and financial liabilities, their carrying amounts and their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

EURm		Carrying Amount						Fair Value			
30 September 2024	Notes	Financial assets used as hedging instruments	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities used as hedging instruments	Financial liabilities measured at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Forward exchange contracts (designated as hedging instruments)	3.6	4	–	–	–	–	4	–	4	–	4
Interest rate swaps – cash flow hedge	3.6	7	–	–	–	–	7	–	7	–	7
		11	–	–	–	–	11				
Financial assets not measured at fair value											
Trade receivables**	3.8	–	319	–	–	–	319	–	–	–	–
Customer loans**	3.5	–	73	–	–	–	73	–	–	–	–
Other financial assets**		–	23	–	–	–	23	–	–	–	–
Cash and cash equivalents**		–	96	–	–	–	96	–	–	–	–
		–	511	–	–	–	511				
Financial liabilities measured at fair value											
Cross currency swap	3.9	–	–	25	5	–	30	–	30	–	30
Forward exchange contracts (designated as hedging instruments)	3.9	–	–	–	1	–	1	–	1	–	1
Forward exchange contracts (not designated as hedging instruments)	3.9	–	–	1	–	–	1	–	1	–	1
Interest rate swaps – cash flow hedge	3.9	–	–	–	14	–	14	–	14	–	14
Loan repayment call option and interest rate floors	3.9	–	–	–	4	–	4	–	–	4	4
		–	–	26	24	–	50				
Financial liabilities not measured at fair value											
Trade payables**		–	–	–	–	223	223	–	–	–	–
Other financial liabilities**		–	–	–	–	313	313	–	–	–	–
Loans under Senior Facilities Agreement and other short-term debt		–	–	–	–	3,404	3,404	–	–	4	4
		–	–	–	–	3,940	3,940				

** The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

Notes to the consolidated financial statements

4.2 Financial risks and financial instruments (cont'd)

EURm		Carrying Amount						Fair Value			
30 September 2023	Notes	Financial assets used as hedging instruments	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities used at hedging instruments	Financial liabilities measured at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Forward exchange contracts (designated as hedging instruments)	3.6	6	–	–	–	–	**6**	–	6	–	**6**
Interest rate swaps – cash flow hedge	3.6	72	–	–	–	–	**72**	–	72	–	**72**
		78	**–**	**–**	**–**	**–**	**78**				
Financial assets not measured at fair value											
Trade receivables**	3.8	–	304	–	–	–	**304**	–	–	–	–
Customer loans**	3.5	–	73	–	–	–	**73**	–	–	–	–
Other financial assets**		–	24	–	–	–	**24**	–	–	–	–
Cash and cash equivalents**		–	114	–	–	–	**114**	–	–	–	–
		–	**515**	**–**	**–**	**–**	**515**				
Financial liabilities measured at fair value											
Forward exchange contracts (designated as hedging instruments)	3.9	–	–	–	1	–	**1**	–	1	–	**1**
Forward exchange contracts (not designated as hedging instruments)	3.9	–	–	1	–	–	**1**	–	1	–	**1**
Loan repayment call option and interest rate floors	3.9	–	–	–	2	–	**2**	–	–	2	**2**
		–	**–**	**1**	**3**	**–**	**4**				
Financial liabilities not measured at fair value											
Trade payables**		–	–	–	–	252	**252**	–	–	–	–
Other financial liabilities**		–	–	–	–	329	**329**	–	–	–	–
Loans under Senior Facilities Agreement and other short-term debt		–	–	–	–	3,724	**3,724**	–	–	–	–
		–	**–**	**–**	**–**	**4,305**	**4,305**				

** The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

Notes to the consolidated financial statements

4.2 Financial risks and financial instruments (cont'd)

The fair values of cash and cash equivalents, trade and other receivables and trade payables with a remaining term of up to twelve months, other current financial liabilities and borrowings under revolving credit facilities are approximately equal to their carrying amount, mainly due to the short-term maturities of these instruments.

Treasury enters into derivative contracts in accordance with Group policies. The exact calculation of fair values of derivative financial instruments depends on the specific type of instrument.

- Forward currency contracts – the fair value of foreign currency exchange contracts is based on forward exchange rates.
- Interest rate swaps – the fair value is based on discounted cash flows of fixed leg and floating legs.
- Interest rate floors – the fair value is based on discounted cash flows of floorlets.
- Loan repayment call option – the fair value is based on backward induction method calculated from valuation model.

The Group select valuation methods based on market's best practice. Market data required in the valuation model is extracted from third party financial data provider Bloomberg.

The levels of the fair value hierarchy and its application to financial assets and financial liabilities are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Valuations methods, with significant inputs not being based on observable market data.

Type	Valuation Technique	Significant unobservable inputs	Sensitivity of fair value to significant unobservable inputs
FX contracts	The fair value of the **exchange rate contracts is based on forward exchange** rates (level 2)	Not applicable	Not applicable
Interest rate swaps	The fair value of **interest rate swaps are determined using discounted cash flows of fixed leg and net present value of floating leg based on forward rate curve, and can be categorized as level 2 (observable inputs) in the fair value hierarchy**	Not applicable	Not applicable
Interest rate floors	The fair value of **interest rate floors is based on discounted cash flows or floorlets for intrinsic and option pricing models with implied volatility for time value component (level 3 unobservable inputs)**	Implied volatility	Higher implied volatility will lead to higher fair value and vice versa. Change in implied volatility will not result in significant financial impact
Loan repayment call option	Backward induction method where total **remaining cash flows are calculated at each prepayment date. The prepayment gain is then calculated based on the probability of a credit rating improved at future repayment date (level 3 unobservable data)**	1-year migration matrix	The higher the probability of an increase in credit quality, the higher the value of prepayment option

Notes to the consolidated financial statements

4.2 Financial risks and financial instruments (cont'd)

The following table shows the reconciliation of Level 3 fair value measurements of the loan repayment call option and interest rate floors:

EURm	2023/24	2022/23
Carrying amount at 1 October	(2)	(7)
Total gains or losses:		
- Recognized in profit or loss	(2)	5
Carrying amount at 30 September	**(4)**	**(2)**

Offsetting, master netting agreements and similar arrangements
The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements/FX Payment Netting Agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

EURm	2023/24	2022/23
Counterparty A: Goldman Sachs		
Derivative assets	0.4	5.9
Derivative liabilities	(0.8)	(0.6)
Net amount	**(0.4)**	**5.3**
Counterparty B: Standard Chartered Bank		
Derivative assets	–	0.1
Derivative liabilities	–	(0.7)
Net amount	**–**	**(0.6)**
Counterparty C: Jyske Bank		
Derivative assets	3.1	3.7
Derivative liabilities	(1.0)	(0.3)
Net amount	**2.1**	**3.4**
Counterparty D: Nordea Bank		
Derivative assets	*	*
Derivative liabilities	(5.8)	–
Net amount	**(5.8)**	*****
Counterparty E: Danske Bank		
Derivative assets	1.6	68.3
Derivative liabilities	(20.4)	–
Net amount	**(18.8)**	**68.3**
Counterparty F: Deutsche Bank		
Derivative assets	–	–
Derivative liabilities	(1.7)	–
Net amount	**(1.7)**	**–**
Counterparty G: Mizuho Bank		
Derivative assets	–	–
Derivative liabilities	(16.3)	–
Net amount	**(16.3)**	**–**

* Amount less than EUR 0.1 mil

Notes to the consolidated financial statements

4.3 Liabilities from financing activities

EURm	Loans and borrowings	Other short-term debt	Derivatives relating to financing agreements	Interest rate swaps	Lease liabilities	Others	Total
Liabilities at 1 October 2023	**3,771**	**55**	**2**	**(73)**	**216**	**–**	**3,971**
Proceeds from loans and borrowings	3,831	33	–	–	–	–	**3,864**
Transaction costs related to loans and borrowings	(51)	–	–	–	–	–	**(51)**
Interest (paid)/received	(315)	(3)	–	64	(18)	(14)	**(286)**
Repayment of loans and borrowings	(4,175)	–	–	–	–	–	**(4,175)**
Payment of lease liabilities	–	–	–	–	(46)	–	**(46)**
Others	–	–	–	–	–	*	*
Total changes from financing cash flows	**(710)**	**30**	**–**	**64**	**(64)**	**(14)**	**(694)**
Accrued loan interest payable/(receivable)	330	3	–	(38)	–	14	**309**
Amortization of transaction costs	100	–	–	–	–	–	**100**
Effective changes in hedge accounting	–	–	–	62	–	–	**62**
Fair value loss on derivatives	–	–	–	21	–	–	**21**
Foreign exchange adjustments	(59)	–	–	–	(4)	–	**(63)**
Other changes	–	–	2	–	78	*	**80**
Liabilities at 30 September 2024	**3,432**	**88**	**4**	**36**	**226**	**–**	**3,786**
Liabilities at 1 October 2022	**3,885**	**45**	**7**	**(94)**	**218**	**–**	**4,061**
Proceeds from loans and borrowings	60	10	–	–	–	–	**70**
Interest (paid)/received	(243)	(1)	–	59	(11)	(15)	**(211)**
Repayment of loans and borrowings	(142)	–	–	–	–	–	**(142)**
Payment of lease liabilities	–	–	–	–	(49)	–	**(49)**
Others	–	–	–	–	–	(1)	**(1)**
Total changes from financing cash flows	**(325)**	**9**	**–**	**59**	**(60)**	**(16)**	**(333)**
Accrued loan interest payable/(receivable)	286	–	–	(90)	–	15	**211**
Amortization of transaction costs	21	–	–	–	–	–	**21**
Effective changes in hedge accounting	–	–	–	52	–	–	**52**
Foreign exchange adjustments	(96)	–	–	–	(7)	–	**(103)**
Lease remeasurement	–	–	–	–	1	–	**1**
Other changes	–	1	(5)	–	64	1	**61**
Liabilities at 30 September 2023	**3,771**	**55**	**2**	**(73)**	**216**	**–**	**3,971**

* Amount less than EUR 1 mil

§ Accounting policies

Financial liabilities, other than derivatives, are initially recognized at fair value less transaction costs, and subsequently measured at amortized cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognized in the consolidated statement of profit or loss over the term of the liability.

Notes to the consolidated financial statements

4.4 Financial income and expenses

EURm	2023/24	2022/23
Interest income from customer loans	–	1
Other interest income	51	98
Total interest income	**51**	**99**
Interest expenses	(364)	(312)
Amortized transaction costs	(100)	(21)
Total interest expenses	**(464)**	**(333)**
Other financial (expenses)/ income, net		
Foreign exchange differences	7	79
Change in fair value of derivatives relating to financing arrangements	(2)	5
Change in fair value of derivative financial instruments, not designated hedging instruments	(26)	4
Others	(3)	(10)
Total other financial (expenses)/ income, net	**(24)**	**78**

Interest income and interest expense includes those generated from financial assets and financial liabilities not measured at fair value through profit or loss. Other interest income includes EUR 38 million (2022/23: EUR 88 million) related to recycled amount from hedge accounting.

§ Accounting policies

Financial income and expenses comprise interest income and expenses, gains and losses on securities, exchange rate adjustments on receivables, payables and transactions denominated in foreign currencies, credit card fees, amortization and impairment of financial assets other than trade receivables and contract assets and liabilities, gains and losses on derivative financial instruments not designated as hedging instruments etc. Financial income includes recycled amount from hedge accounting.

Interest income and expenses on financial assets and liabilities measured at amortized cost is recognized using the effective interest method. Other financial income and expenses are recognized on an accrual basis in the period to which they relate.

Notes to the consolidated financial statements

5 Other disclosures

5.1 Remuneration of Key Management Personnel

EURm	Short-term benefits	Termination benefits	Share-based payment	Total
1 October 2023 – 30 September 2024				
Executive Management	11	3	3	**17**
Board of Directors	2	1	4	**7**
Total	**13**	4	7	**24**
1 October 2022 – 30 September 2023				
Executive Management	3	–	–	**3**
Board of Directors	1	–	–	**1**
Total	**4**	–	–	**4**

The Executive Management and Board of Directors hold ordinary and preference shares in NH Lux ManCo SCSp. as part of the MPP. During the year, the MPP was unwinded and the Group introduced a new Long Term Incentive ("LTI") program in its place. Please refer to Note 5.2 for details of this program.

5.2 Share-based payment

The Group has in place a Management Participation Program (“MPP”) - Certain members of management (the “MPP Participants”) may acquire a minority partnership interest in NH Lux ManCo SCSp (“NHSCSp”), which is controlled by North Harbour Lux TopCo S.a.r.l. (“TopCo”), a holding entity that is fully consolidated within WS Audiology A/S, therefore indirectly having an ownership interest in the intermediate Group.

The fair value of the equity instruments on acquisition date is equivalent to the cost. The redemption price is based on the leaver status at the time of redemption.

The MPP participants acquired ordinary shares, which rank pari passu in all respects, as well as preference shares. The reacquisition of the ownership interests by TopCo is triggered upon the termination of employment of MPP Participants; a liability in this regard is included in Other non-current liabilities, with reference to Note 3.9.

MPP Liability	Number of shares (mil)
Outstanding at 1 October 2023	**31**
Disposals	(29)
Outstanding at 30 September 2024	**2**
Outstanding at 1 October 2022	**35**
Additions	*
Disposals	(4)
Outstanding at 30 September 2023	**31**

* Amount less than 1 mil

The fair value changes from the MPP recognized in the consolidated statement of profit or loss was EUR -25 million (2022/23: EUR 7 million).

Notes to the consolidated financial statements

5.2 Share-based payment (cont'd)

During the year, the MPP was unwinded and the Group introduced a new Long Term Incentive ("LTI") program in its place. The LTI program is an equity-settled share-based payment program which grants Performance Share Units ("PSU") and Restricted Share Units ("RSU") to certain members of the management. The grant amounts are determined based on a percentage of the grant recipient's annual salary.

For the financial year 2023/24, the share options for PSU and RSU were granted on two grant dates – 14 January 2024 and 14 April 2024, and will fully vest on 15 January 2027. Subsequent grants will vest over 3 years from the grant date.

As of 30 September 2024, the number of share options granted and share price valuation model have not been approved by the Board of Directors. Management assessed the fair value of the share options granted approximates the total grant amount. The amount recognized in respect of the vested share options granted is EUR 5 million and included in the share option reserve.

§ Accounting policies

Equity-settled share-based payments are measured based on the fair value of the of goods and services received, with the corresponding increase in equity, unless that fair value cannot be measured reliably.

The accounting for the shares purchased by management (at fair value, represented by 'interests' in NHSCSp) as part of the North Harbour MPP scheme falls within the scope of IFRS 2 as a cash-based arrangement. A liability is recognized reflecting the fair value of the Group's intention to acquire the 'interests'.

5.3 Pension obligations

Post-employment benefits provided by the Group are organized primarily through defined contribution plans as well as defined benefit plans which cover almost all of the Group's domestic employees and many of the Group's foreign employees. Post-employment defined benefit plans include to the major extent pension benefits.

Defined benefit plans

General principles are determined in a corporate pension policy. That means inter alia that the Group regularly reviews the design of its post-employment defined benefit plans. In order to reduce Group's exposure to certain risks associated with defined benefit plans, such as longevity, inflation, effects of compensation increase, the Group regularly review and continuously improves the design of its post-employment defined benefit plans. The benefits of the defined benefit plan open to new entrants are based predominantly on contributions made by the Group and are still affected by longevity, inflation adjustments and compensation increases, but only to a lesser extent. The major pension plans are funded with assets in segregated pension entities.

The existing defined benefit plans cover approximately as of 30 September 2024 – 3,870 participants, including 2,704 active employees, 714 former employees with vested rights and 452 retirees and surviving dependents (2022/23: 3,795 participants, including 2,652 active employees, 707 former employees with vested rights and 436 retirees and surviving dependents). Individual benefits are generally based on eligible compensation levels and/or ranking within the Group's hierarchy and years of service. The characteristics of the defined benefit plans and the risks associated with them vary depending on legal, fiscal and economic requirements in each country. For the major defined benefit plans of the Group the characteristics and risks are as follows:

Germany:

In Germany, the Group provides pension benefits through the cash-balance plan BSAV (Beitrags-orientierte Siemens Altersversorgung), frozen legacy plans and deferred compensation plans. Active employees in Germany participate in the BSAV introduced in fiscal 2004. A legacy pension plan (Altzusage) has been transformed into BSAV.

These benefits are predominantly based on contributions made by the Group and returns earned on such contributions, subject to a minimum return guaranteed. In general, the BSAV is fully funded from the Group's perspective. Sivantos GmbH has set up a CTA (Contractual Trust Arrangement) in order to take precautions of financing all of its BSAV pension obligations, including the Group. Individual benefits under the frozen legacy plans are based on eligible compensation levels or ranking within the Group's hierarchy and years of service. In connec-

Notes to the consolidated financial statements

5.3 Pension obligations (cont'd)

tion with the implementation of the BSAV, benefits provided under the frozen legacy plans were modified to substantially eliminate the effects of compensation increases by freezing the accretion of benefits under the majority of these plans. However, these frozen plans still expose the Group to actuarial risks such as investment risk, interest rate risk and longevity risk. Furthermore, deferred compensation plans are offered which are funded via a CTA. In Germany no legal or regulatory minimum funding requirements apply. The Trust which is legally separate manages its plan assets as trustee in accordance with the respective trust agreements.

U.S.:
The assets under these pension plans are administered by the Group and are, therefore, the sole responsibility of the Group. The assets are not separately identifiable; instead the companies had a common right to the trusts' assets. One major defined benefit plan, the Sivantos Pension Plan, is frozen to new entrants and accretion of new benefits. Employees hired prior to April 1, 2006 participate in the Sivantos Pension Plan. Most of the defined benefit plan participants' benefits are calculated using a cash balance formula; although a small group of participants are eligible for a benefit based on a final average pay formula. This frozen defined benefit plan exposes the Group to actuarial risks such as investment risk, interest rate risk and longevity risk.

The defined benefit plan assets are held in a Master Trust. The Group, as the sponsoring employer, has delegated investment oversight of the plans' assets to the Investment Committee. The Investment Committee members have a fiduciary duty to act solely in the best interests of the beneficiaries according to the trust agreement and U.S. law. The Committee has established an Investment Policy Statement which articulates the goals and objectives of the plans' investment management, including diversifying the assets of the Master Trust with the intention of appropriately addressing concentration risks. The trustee of the Master Trust acts only by direction of the Investment Committee. It is responsible for the safekeeping of the trust, but generally has no decision-making authority over the plan assets. The legal and regulatory framework for the plans is based on the applicable U.S. legislation Employee Retirement Income Security Act (ERISA). Based on this legislation a funding valuation is prepared annually. There is a regulatory requirement to maintain a minimum funding level of 80% in the defined benefit plans in order to avoid benefit restrictions.

The amounts included in the Group's Consolidated Statement of Financial Position arising from its pension obligations at 30 September are as follows:

EURm	Defined benefit obligation	Fair value of plan assets	Total
30 September 2024			
Germany	(55)	59	**4**
U.S.	(30)	28	**(2)**
Others	(9)	3	**(6)**
Total	**(94)**	**90**	**(4)**
30 September 2023			
Germany	(48)	53	5
U.S.	(31)	27	(4)
Others	(8)	3	(5)
Total	**(87)**	**83**	**(4)**

Notes to the consolidated financial statements

5.3 Pension obligations (cont'd)

The following table show the total defined benefit cost that was recognized in profit or loss account and other comprehensive income at the end of the reporting period.

EURm	2023/24	2022/23
Current service cost	3	3
Net interest expenses	*	*
Defined benefit costs recognized in the Consolidated Statement of Profit or Loss	**3**	**3**
Return on plan assets (excluding amounts included in net interest expense and net interest income)	(9)	(1)
Remeasurement losses/(gains) on defined benefit obligations	7	(1)
Foreign currency translation differences	*	*
Remeasurements of defined benefit plans recognized in the Consolidated Statement of Comprehensive Income	**(2)**	**(2)**
Change in defined benefit obligations:		
Defined benefit obligation at beginning of year	87	91
Current service cost	3	2
Interest expense	4	3
Contributions paid	*	–
Net accumulated actuarial losses/(gains)	7	(1)
Benefits paid	(5)	(5)
Foreign currency effects	(2)	(3)
Defined benefit obligation at 30 September	**94**	**87**

* Amount less than EUR 1 mil

EURm	2023/24	2022/23
Change in plan assets:		
Fair value of plan assets at beginning of year	83	85
Interest income	4	3
Remeasurement losses (Return on plan assets excluding amounts included in net interest income and expense)	9	1
Contributions paid	*	*
Benefits paid	(5)	(4)
Employer contributions	1	1
Foreign currency effects	(2)	(3)
Fair value of plan assets at 30 September	**90**	**83**
Plan assets comprise of the following:		
Investment funds	89	83
Cash and cash equivalents	1	*
Total	**90**	**83**
Quoted	89	83
Unquoted	1	*
Total	**90**	**83**

* Amount less than EUR 1 mil

The Group has reported EUR 13 million (2022/23: EUR 11 million) of asset for deferred compensation plan under Note 3.6, which is used to fund the pension obligations.

Notes to the consolidated financial statements

5.3 Pension obligations (cont'd)

Actuarial assumptions
Assumed discount rates, compensation increase rates, pension progression rates and mortality rates used in calculating the DBO vary according to the economic and other conditions of the country in which the retirement plans are situated.

The mortality tables used for the actuarial valuation of the DBO were as follows (most significant countries):

Germany Heubeck Richttafeln 2005G (modified)

U.S. RP-2014 Employee and Healthy Annuitant Tables projected with Scale MP-2015 for all years

The DBO was only significantly affected by other financial assumptions in Germany and U.S. For Germany, the long-term rate of compensation increase and the pension increase rate were constant on average in financial year 2023/24 and 2022/23. For U.S., the DBO was mainly affected by the discount rate as the plan is frozen to new entrants and accretion of new benefits.

The DBO is also affected by assumed future inflation rates. The effect of inflation is recognized within the assumptions above where applicable.

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2023/24		2022/23	
EURm	**Germany**	**U.S.**	**Germany**	**U.S.**
Discount rate	3.30%	4.65%	4.08%	5.56%
Future salary growth	1.50%	N/A	2.25%	N/A
Expected return on assets	1.52%	4.15%	2.25%	5.56%
Expected pension progression	2.00%	3.00%	2.25%	3.00%

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	2023/24		2022/23	
EURm	**Germany**	**U.S.**	**Germany**	**U.S.**
Longevity at age 55 for current pensioners				
Males	20	29	20	29
Females	24	31	24	31
Longevity at age 55 for current pensioners with 10% reduction in mortality rates				
Males	21	30	21	30
Females	25	32	25	32

The weighted-average duration of the defined benefit obligation was 10.0 years at 30 September 2024 (2022/23: 9.4 years).

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Notes to the consolidated financial statements

5.3 Pension obligations (cont'd)

Sensitivity analysis

As the significant part of the DBO results from the German and U.S. entities, the sensitivity analysis were as follows:

EURm	2023/24		2022/23	
Germany	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Discount rate	(2)	2	(2)	2
Rate of pension progression	1	(1)	1	(1)
	-1 year	**+1 year**	**-1 year**	**+1 year**
Life expectancy	(1)	1	(1)	1
U.S.	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Discount rate	(1)	1	(1)	1

The Group expects to pay EUR 7 million (2022/23: EUR 7 million) in contributions to its defined benefit plans in the upcoming financial year.

Defined contribution plan

The amount recognized as an expense for defined contribution plans at 30 September 2024 was EUR 14 million (2022/23: EUR 14 million).

§ Accounting policies

Defined contribution plans

The Group operates a number of defined contribution plans around the world. These plans are externally funded in entities, e.g. insurance entities, that are legally separate from the Group. Contributions to defined contribution plans are recognized in the consolidated statement of profit or loss in the year to which they relate.

Defined benefit plans

The Group also operates defined benefit plans in a few jurisdictions, primarily in Germany and the USA.

The liability and costs for the year for defined benefit plans are determined using the projected unit credit method. This reflects services rendered by employees to the valuation dates and is based on actuarial assumptions regarding future compensation and benefit increases, mortality, expected return on plan assets and discount rates. Discount rates are based on average market yields of high-quality corporate bonds in the country and/or currency in which the pension liabilities are expected to be settled.

Current service cost, past service cost and settlements for post-employment benefits as well as other administration costs which are unrelated to the management of plan assets are recognized in the consolidated statement of profit or loss and allocated among functional costs, following the functional area of the corresponding profit and cost centre. Administration costs which are related to the management of plan assets and taxes directly linked to the return on plan assets and payable by the plan itself are included in the return on plan assets and are recognized in other comprehensive income.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in Other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the consolidated statement of profit or loss.

For unfunded plans, the Group recognizes a post-employment liability as non-current liability. For funded plans, the Group offsets the fair value of plan assets with the benefit obligations, and recognizes the net amount, after adjustments for effects related to any asset ceiling, as a non-current liability or other current assets.

Notes to the consolidated financial statements

5.4 Contingent assets and liabilities

Guarantees

As of 30 September 2024, the Group issued corporate guarantees, mainly to the business partners, outstanding for an amount of EUR 47 million (2022/23: EUR 82 million).

Outstanding lawsuits and disputes

The Group is, from time to time, subject to legal disputes in connection with its business activities. In the light of the number of legal disputes and proceedings in which the Group is involved, it cannot be ruled out that some of these proceedings could result in rulings against the Group. Although the Group maintains liability insurance in its non-amounts the Group considers consistent with industry practice, it may not be fully insured against all potential damages that may arise out of any claims to which the Group may be party in the ordinary course of the Group's business. At this time, however the Group does not expect any significant negative effects on the Group's financial position or finance and earnings situation resulting from legal disputes.

The Group seeks to make adequate provisions for any legal disputes and proceedings, and assesses the likely outcome in which the Group is involved.

5.5 Non-cash adjustments

EURm	2023/24	2022/23
Unrealized gain on foreign currency translation	(23)	(94)
Others	(3)	6
Total	**(26)**	**(88)**

Notes to the consolidated financial statements

5.6 Fees to auditors appointed at the annual general meeting

EURm	Deloitte	Others
1 October 2023 – 30 September 2024		
Audit fees	2	2
Other assurance related services	*	1
Tax services	2	*
Other services	1	*
Total	**5**	**3**
1 October 2022 – 30 September 2023		
Audit fees	2	1
Other assurance related services	*	*
Tax services	1	1
Other services	1	–
Total	**4**	**2**

* Amount less than EUR 1 mil

5.7 Related parties

Related parties include North Harbour VIII S.à.r.l., North Harbour VII S.à.r.l., Auris Luxembourg I S.A., T&W Medical A/S, as well as transactions with associates.

Other related parties in the summary below include those entities controlled by T&W Medical A/S.

Transactions with related parties
In addition to the related party disclosure that is disclosed elsewhere in the financial statements, the following significant transactions between the Group and its related parties took place at terms agreed during the financial year:

EURm	2023/24	2022/23
Transactions with associates		
- Sales of goods and services	1	1
Other related parties		
- Purchase of goods and services	(9)	(8)
Total transactions with related parties	**(8)**	**(7)**

At 30 September 2024, the outstanding balances with the associates are EUR 0.2 million (2022/23: EUR 3 million).

Transactions with related individuals
The Group's Executive management is defined as those persons, who are responsible for the Group's worldwide operating business, based on their function within the Group or the interests of WS Audiology A/S and registered directors in the parent company. In financial years ended 30 September 2024 and 30 September 2023, there were no significant, material or major transactions between the Group and members of the Executive Management and Board of Directors, other than their remuneration and transactions towards the participation program. For information about remuneration to Executive management and Board of Directors refer to Note 5.1.

Notes to the consolidated financial statements

5.8 Companies in the WS Audiology A/S Group

List of the Group's companies included in the Consolidated Financial Statements:

Company	Country	2023/24 Equity Interest %	2022/23 Equity Interest %
Subsidiaries of WS Audiology A/S			
WSA HoldCo Denmark ApS	Denmark	100	–
North Harbour Topco S.à.r.l.	Luxembourg	100	100
North Harbour Midco S.à.r.l.	Luxembourg	99	99
Auris Luxembourg II S.A.	Luxembourg	100	100
Auris Luxembourg III S.à.r.l.	Luxembourg	100	100
Widex A/S	Denmark	100	100
Hear.com N.V.	Netherlands	100	100
Subsidiaries of Widex A/S			
EMEA			
WSAUD A/S	Denmark	100	100
Widex DK A/S	Denmark	100	100
WS Audiology Benelux BV	Netherlands	100	100
Widex UK Ltd.[1]	UK	–	100
SAS Clermont Distribution	France	100	100
Balet Dominique Laboratoire de Correction Auditive SARL[2]	France	–	100
Audition Balet Libourne SARL[2]	France	–	100
Saint-Etienne Audition[2]	France	–	–
Widex S.A.S	France	100	100
Shoebox France SARL	France	100	100
Bloom Hearing Specialists Ltd.	UK	100	100
Bonavox Limited	Ireland	100	100

Company	Country	2023/24 Equity Interest %	2022/23 Equity Interest %
Subsidiaries of Widex A/S (cont'd)			
EMEA (cont'd)			
Bloom Hörakustik AG *(under liquidation)*	Switzerland	100	100
WS Audiology Switzerland AG	Switzerland	100	100
WS Audiology Germany GmbH *(formerly Sivantos Holding Germany GmbH)*[3]	Germany	100	–
Sivantos GmbH	Germany	100	–
Widex Hörgeräte GmbH[4]	Germany	100	–
Widex Hörgeräte GmbH[4]	Germany	–	100
Widex AB	Sweden	100	100
Widex OOO LLC *(dormant)*	Russia	100	100
Widex Norge AS	Norway	100	100
Sivantos AS[3]	Norway	100	–
Widex-Reabilitacão Auditiva Lda.	Portugal	100	100
WSA Portugal S.A.	Portugal	100	100
WSA Rus LLC	Russia	100	100
Widex Akustik OY	Finland	100	100
WS Audiology CZ s.r.o. *(formerly Widex Line s.r.o)*[5]	Czech Republic	100	100
Widex Tibbi ve Teknik Chihazlar San.ve Tic. AŞ	Turkey	100	100
Widex Trading d.o.o Ljubljana	Slovenia	60	60
Slušni Aparati d.o.o. Widex Ljubljana	Slovenia	84	84
WS Audiology-H Kft	Hungary	100	100
Audiofon Kft	Hungary	100	100
WS Audiology Italia S.r.l. *(formerly Widex Italia s.r.l.)*[6]	Italy	100	100

Notes to the consolidated financial statements

5.8 Companies in the WS Audiology A/S Group (cont'd)

Company	Country	2023/24 Equity Interest %	2022/23 Equity Interest %
Subsidiaries of Widex A/S (cont'd)			
EMEA (cont'd)			
WS Audiology Slovakia s.r.o	Slovakia	100	100
Widex Slušni Aparati d.o.o.	Bosnia	60	60
ReOton Ltd	Ukraine	100	100
Koalys Technologies Ltd	Israel	100	100
Koalys Poland Sp z.oo	Poland	100	100
Widex Poland Sp. Z.o.o	Poland	60	60
Widex Regional Operation Center EMEA[7]	Poland	–	100
WS Audiology Austria GmbH	Austria	100	100
Americas			
TW Group Canada Ltd.[12]	Canada	–	100
Lifestyle Hearing Corporation Inc.[12]	Canada	–	100
Helix Hearing Inc.[12]	Canada	100	100
WS Audiology USA, Inc.[8]	USA	46	–
Lifestyle Hearing Corporation (USA), Inc.[8]	USA	–	100
Widex USA Inc.[8]	USA	–	100
WS Audiology Chile SpA	Chile	100	100
Widex Uruguay	Uruguay	51	51
COW-Audición en Alta Definición S.A. de C.V	Mexico	100	100
Widex Argentina S.A	Argentina	51	51
Centro Auditivo Widex Brasitom Ltda	Brazil	100	100
Communicare Aparelhos Auditivos Ltda	Brazil	100	100
WS Audiology Solucuoes Auditiva Ltd.	Brazil	100	100

Company	Country	2023/24 Equity Interest %	2022/23 Equity Interest %
Subsidiaries of Widex A/S (cont'd)			
Americas (cont'd)			
Qualiaudio Comercio e Distribuicao Ltda	Brazil	100	100
APAC			
Sivantos Holding Singapore Pte. Ltd.	Singapore	100	100
Sivantos Pte. Ltd.	Singapore	100	100
Widex Singapore Pte Ltd	Singapore	100	100
Widex Hearing Aid Sdn Bhd	Malaysia	100	100
Bloom Hearing Co. Ltd.	Japan	100	100
Widex Co. Ltd.	Japan	100	100
WS Audiology (Shanghai) Co., Ltd *(formerly Widex Hearing Aid (Shanghai) Co. Ltd.)*	China	100	100
Zhejiang Longkang Medical Equipment Co. Ltd.	China	51	51
Hangzhou Miaoyin Medical Equipment Co. Ltd	China	51	51
Hangzhou V Hearing Medical Equipment Co. Ltd.	China	51	51
Suzhou FenBei Medical Equipment Co. Ltd.	China	51	51
Widex India Private Ltd.	India	100	100
Widex Australia Pty. Ltd.*(dormant)*	Australia	100	100
Active Hearing Pty. Ltd.	Australia	100	100
Hearclear Audiology Pty. Ltd.	Australia	100	100
Hutchinson Audiology Clinics Pty Ltd	Australia	100	100
Bloom Hearing Ltd.	New Zealand	100	100
Widex Hong Kong Hearing & Speech Centre Ltd.	Hong Kong	100	100
Starry Hearing & Speech Centre Ltd.	Hong Kong	65	65

Notes to the consolidated financial statements

5.8 Companies in the WS Audiology A/S Group (cont'd)

Company	Country	2023/24 Equity Interest %	2022/23 Equity Interest %
Subsidiaries of Sivantos GmbH			
EMEA			
AS-AUDIO SERVICE GmbH	Germany	100	100
Signia GmbH	Germany	100	100
Sivantos Kft.[9]	Hungary	–	100
Sivantos AS[3]	Norway	–	100
Sivantos s.r.o[5]	Czech Republic	–	100
Sivantos Sp. z o.o.	Poland	100	100
Sivantos S.r.l[6]	Italy	–	100
Signia S.A.S.	France	100	100
WS Audiology Limited	UK	100	100
Widex UK Ltd.[1]	UK	100	–
Americas			
WS Audiology USA, Inc.[8]	USA	54	100
Lifestyle Hearing Corporation (USA), Inc.[8]	USA	100	–
Widex USA Inc.[8]	USA	100	–
Audiology Distribution, LLC	USA	100	100
HearX West, LLC	USA	50	50
HearX West, Inc.	USA	50	50
HearUSA IPA, Inc.	USA	100	100
TruHearing, Inc.	USA	100	100
TruHearing IPA LLC	USA	100	100
Hearing Care Solutions, Inc	USA	100	100
Hear in America LLC	USA	100	100

Company	Country	2023/24 Equity Interest %	2022/23 Equity Interest %
Subsidiaries of Sivantos GmbH (cont'd)			
Americas (cont'd)			
WS Audiology Canada Inc	Canada	100	100
Shoebox Ltd[1]	Canada	100	–
WS Audiology South Africa Pty Ltd	South-Africa	100	100
APAC			
Sivantos (Suzhou) Co. Ltd.	China	100	100
Sivantos India Pvt. Ltd	India	100	100
WS Audiology ANZ Pty Ltd	Australia	100	100
Subsidiaries of Sivantos Pte. Ltd.			
EMEA			
WS Audiology Germany GmbH *(formerly Sivantos Holding Germany GmbH)*[3]	Germany	–	100
Sivantos GmbH	Germany	–	100
Sivantos A/S	Denmark	100	100
Oorwerk B.V.	Netherlands	100	100
Oorwerk den Haag B.V. *(under liquidation)*	Netherlands	100	100
Hoortechnisch Centrum Schagen B.V *(under liquidation)*	Netherlands	100	100
Sivantos Isitme Cihazlari Sanayi Ve Ticaret A.S.	Turkey	100	100
Sivantos Europe GmbH *(under liquidation)*	Germany	100	100
Bloom Hörakustik GmbH	Austria	100	100
WS Audiology Spain S.A.	Spain	100	100
Sivantos (RUS) LLC *(dormant)*	Russia	100	100

Notes to the consolidated financial statements

5.8 Companies in the WS Audiology A/S Group (cont'd)

Company	Country	2023/24 Equity Interest %	2022/23 Equity Interest %
Subsidiaries of Sivantos Pte. Ltd. (cont'd)			
Americas			
Biotone Technologie SAS	France	100	100
WS Audiology Mexico S.A. de C.V.	Mexico	100	100
Shoebox Ltd[1]	Canada	–	100
APAC			
Sivantos K.K.	Japan	100	100
Hearing Express K.K.	Japan	100	100
WS Audiology Korea Limited	Korea	100	100
WS Audiology Philippines Corp.	Philippines	100	100
WS Audiology SEA Pte. Ltd.	Singapore	100	100
Subsidiaries of Lifestyle Hearing Corporation USA Inc.			
Americas			
Helix Hearing Care (California) Inc.	USA	100	100
My Hearing Centers LLC	USA	100	100
Hear Again Hearing Aids LLC.[10]	USA	–	100
Helix Hearing Care Naples LLC	USA	60	60
The Hearing Center of ENTA LLC	USA	60	60
Medical Hearing Systems LLC	USA	70	70
Widex Government Services LLC[7]	USA	–	100
Subsidiaries of Hear.com N.V.			
Hear.com Korea Limited	Korea	100	100
Soundrise Hearing Solutions Private Limited	India	100	100

Company	Country	2023/24 Equity Interest %	2022/23 Equity Interest %
Subsidiaries of Hear.com N.V. (cont'd)			
hear.com USA Parent LLC	USA	100	100
hear.com, LLC	USA	100	100
audibene GmbH	Germany	100	100
audibene GmbH	Switzerland	100	100
audibene B.V.	Netherlands	100	100
Audiocare Hearing Experts Malaysia Sdn. Bhd. *(dormant)*	Malaysia	100	100
Ihre Hörgeräte Beratung GmbH	Germany	100	100
Hear.com - Simply Good Hearing Inc *(dormant)*	Canada	100	100
hear.com (Pty) Ltd.	South Africa	100	100
Hearing Experts (Thailand) Co. Ltd.[9]	Thailand	–	100
Other equity investments			
Hearing Instrument Manufacturers Software Association A/S	Denmark	25	25
HIMSA II a/s	Denmark	20	20
HIMSA II K/S	Denmark	17	17
HIMPP A/S	Denmark	13	13
K/S HIMPP	Denmark	9	9
D Med Hearing Company	Thailand	38	38
Kikoeno Soudanshitsu Co., Ltd.[11]	Japan	–	50
Kanto Hochouki Co., Ltd.	Japan	25	25
Sound Advice Hearing Ltd.	UK	49	49
Widex Columbia SAS	Columbia	30	30

Notes to the consolidated financial statements

5.8 Companies in the WS Audiology A/S Group (cont'd)

Company	Country	2023/24 Equity Interest %	2022/23 Equity Interest %
Other equity investments (cont'd)			
Hear-Mart Holdings LLC.	USA	49	49
Audiology Associates of Westchester LLC	USA	49	49
Smartcare LLC	USA	10	10
Widex Servicios Technico S.A.	Spain	30	30
Widex Audifonos S.A.	Spain	30	30
Instituto Auditivo Widex C.A.	Venezuela	30	30
Widex Macau Hearing & Speech Centre Ltd.	Macau	49	49
Odio Tech Pty Ltd	Australia	30	22

[1] Widex UK Ltd. and Shoebox Ltd were transferred to Sivantos GmbH during 2023/24.
[2] Balet Dominique Laboratoire de Correction Auditive SARL, Audition Balet Libourne SARL and Saint-Etienne Audition were merged into SAS Clermont Distribution during 2023/24.
[3] Sivantos Holding Germany GmbH and Sivantos AS were transferred to Widex A/S during 2023/24.
[4] Widex Hörgeräte GmbH was transferred to Sivantos Holding Germany GmbH during 2023/24.
[5] Sivantos s.r.o was merged into WS Audiology CZ s.r.o. during 2023/24.
[6] Sivantos S.r.l was merged into WS Audiology Italia S.r.l. during 2023/24.
[7] Widex Government Services LLC and Hearing Experts (Thailand) Co. Ltd. were dissolved during 2023/24.
[8] Lifestyle Hearing Corporation USA Inc. and Widex USA Inc. were transferred to WS Audiology USA, Inc. during 2023/24. In return, WS Audiology USA, Inc. issued shares to Widex A/S resulting in Widex A/S holding 46% shares in WS Audiology USA Inc, while remaining 56% is held by Sivantos GmbH (previously wholly owned by Sivantos GmbH).
[9] Sivantos Kft. and Widex Regional Operation Center EMEA were liquidated during 2023/24.
[10] Hear Again Hearing Aids LLC. was merged into Lifestyle Hearing Corporation (USA), Inc during 2023/24.
[11] Kikoeno Soudanshitsu Co., Ltd. was disposed during 2023/24.
[12] TW Group Canada Ltd. and Lifestyle Hearing Corporation Inc. were amalgamated into Helix Hearing Inc. during 2023/24.

5.9 Event after the reporting period

There have been no adjusting or non-adjusting events after the reporting date that would be expected to influence the economic decisions that users make on the basis of these financial statements.

5.10 Approval of the consolidated financial statements

The annual report of WS Audiology A/S were approved by the Board of Directors and authorized for issue on 26 November 2024.

Parent Financial Statements

Contents
Financial Statements

Parent Financial Statements

Statement of Profit or Loss	163
Statement of Financial Position	163
Statement of Cash Flows	164
Statement of Changes in Equity	164

Notes to the Parent Financial Statements

6	**Basis of preparation**	**165**
7	**Results of the year**	**165**
7.1	Income taxes	165
8	**Operating assets and liabilities**	**165**
8.1	Investment in subsidiaries	165
9	**Other disclosures**	**166**
9.1	Outstanding shares	166
9.2	Related parties	166
9.3	Fees paid to the auditor appointed at the Annual General Meeting	166
9.4	Fees paid to the Board of Directors	166
9.5	Events after the reporting period	166
9.6	Approval of the consolidated financial statements	166
Entity information		**167**

Statement of Profit or Loss

For the financial year ended 30 September 2024

EURm	Note	2023/24	2022/23
General and administrative expenses		(5.4)	(1.0)
Operating loss before tax		**(5.4)**	**(1.0)**
Interest income		0.1	–
Loss before tax		**(5.3)**	**(1.0)**
Income taxes	7.1	0.9	0.2
Loss for the year		**(4.4)**	**(0.8)**

Statement of Financial Position

As at 30 September 2024

EURm	Note	2023/24	2022/23
Assets			
Investments in subsidiaries	8.1	4,585.5	4,085.5
Total non-current assets		**4,585.5**	**4,085.5**
Current income tax receivables		0.1	0.2
Cash		0.4	0.2
Total current assets		**0.5**	**0.4**
Total assets		**4,586.0**	**4,085.9**
Equity and Liabilities			
Share capital	9.1	111.3	100.0
Other reserves		4,474.2	3,985.5
Accumulated losses		(8.0)	(3.6)
Total equity attributable to the shareholders of WS Audiology A/S		**4,577.5**	**4,081.9**
Deferred tax liabilities		(1.1)	(0.3)
Total non-current liabilities		**(1.1)**	**(0.3)**
Other current financial liabilities		0.5	0.5
Amounts due to related parties		9.1	3.8
Total current liabilities		**9.6**	**4.3**
Total equity and liabilities		**4,586.0**	**4,085.9**

Statement of Cash Flows

For the financial year ended 30 September 2024

EURm	Note	2023/24	2022/23
Operating activities			
Loss for the year		**(4.4)**	**(0.8)**
Income tax expense, net		(0.9)	(0.2)
Cash flow from operating activities before changes in working capital		**(5.3)**	**(1.0)**
Changes in other liabilities		–	0.2
Change in amounts due to related parties		5.3	0.6
Cash flow from operating activities before financial items and tax		–	**(0.2)**
Income taxes received, net		0.2	0.2
Cash flow from operating activities		**0.2**	–
Investing activities			
Capital contribution to a subsidiary		(500.0)	(100.0)
Cash flow used in investing activities		**(500.0)**	**(100.0)**
Financing activities			
Proceeds from issuance of shares		500.0	100.0
Cash flow from financing activities		**500.0**	**100.0**
Net cash flow		**0.2**	–
Cash and cash equivalents, beginning of year		0.2	0.2
Cash and cash equivalents, end of year		**0.4**	**0.2**

Statement of Changes in Equity

For the financial year ended 30 September 2024

EURm	Share capital	Other reserve	Accumulated losses	Total equity
Equity at 1 October 2022	**100.0**	**3,885.5**	**(2.8)**	**3,982.7**
Issuance of shares	*	100.0	–	100.0
Loss for the year	–	–	(0.8)	(0.8)
Equity at 30 September 2023	**100.0**	**3,985.5**	**(3.6)**	**4,081.9**
Issuance of shares	11.3	488.7	–	500.0
Loss for the year	–	–	(4.4)	(4.4)
Equity at 30 September 2024	**111.3**	**4,474.2**	**(8.0)**	**4,577.5**

* Amount less than EUR 0.1 mil

Notes

6 Basis of preparation

The parent financial statements for WS Audiology A/S have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU) and further requirements in the Danish Financial Statements Act.

The parent financial statements are presented in Euros (EUR) which is the functional currency of WS Audiology A/S. All values are rounded to the nearest million (EUR) with one decimal, except where indicated otherwise.

The terminology used in the consolidated financial statements has been applied in the parent's financial statements to ensure a uniform presentation. The parent's accounting policies on recognition and measurement are generally consistent with those of the Group with reference to Note 1.1 in the consolidated financial statements.

7 Results of the year

7.1 Income taxes

EURm	2023/24	2022/23
Income taxes		
Current tax for the year	0.1	–
Change in deferred tax for the year	0.8	0.2
Total	**0.9**	**0.2**
Reconciliation of effective tax rate		
Danish tax rate	22%	22%
Expected income tax benefit	0.9	0.2
Total	**0.9**	**0.2**

8 Operating assets and liabilities

8.1 Investment in subsidiaries

EURm	2023/24	2022/23
Cost at 1 October	**4,085.5**	**3,985.5**
Capital contributions to subsidiaries	500.0	100.0
Cost at 30 September	**4,585.5**	**4,085.5**

Group companies are listed on Note 5.8 of the Group financial statements.

Investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognized in the statement of profit or loss.

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Notes

9 Other disclosures

9.1 Outstanding shares
For more information regarding outstanding shares, please refer to Note 4.1 in the consolidated financial statements.

9.2 Related parties
T&W Medical A/S is the parent entity and ultimate parent controlling WS Audiology A/S. There have been no transactions with subsidiaries or other related parties during the year besides related party balances at market rates.

9.3 Fees paid to the auditor appointed at the Annual General Meeting
Fees paid to Deloitte for assurance related services for the financial year ended 30 September 2024 was EUR 0.2 million (2022/23: EUR 0.2 million).

9.4 Fees paid to the Board of Directors
Please refer to Note 5.1 in the Consolidated Financial Statements for fees paid to the Board of Directors of WS Audiology A/S.

9.5 Events after the reporting period
There have been no non-adjusting events after the reporting period that would be expected to influence the economic decisions that users make on the basis of these financial statements.

9.6 Approval of the consolidated financial statements
The financial statements of WS Audiology A/S were approved by the Board of Directors and authorized for issue on 26 November 2024.

Entity information

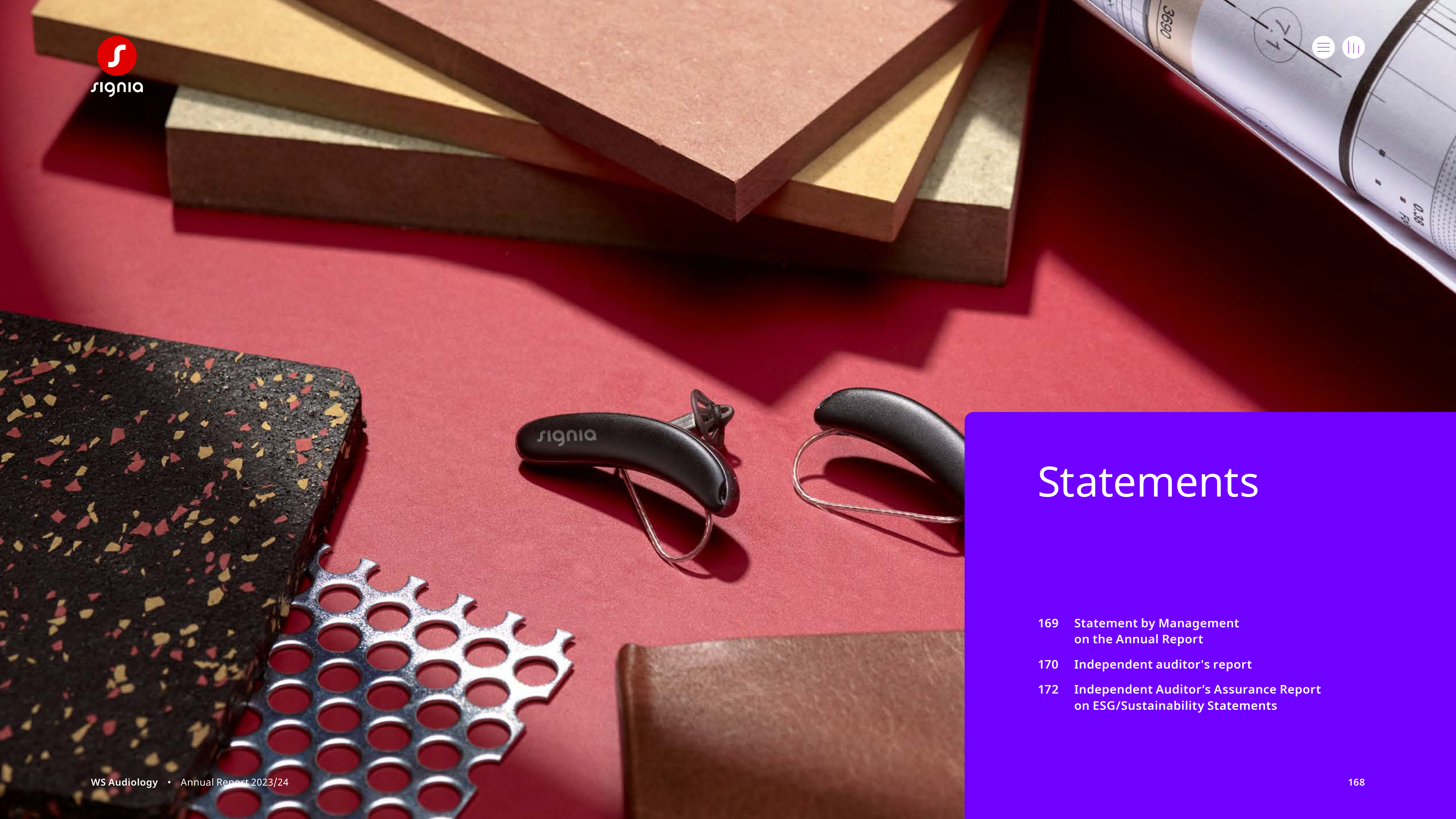
Entity
WS Audiology A/S
Nymøllevej 6
3540 Lynge

Business Registration No (CVR): 40296638
Founded: 28.02.2019
Registered in: Allerød
Financial year: 01.10.2023 – 30.09.2024

Board of Directors
Lars Rasmussen, Chair
Adam Westermann, Vice-Chair
Anthony Santospirito
Arne Due-Hansen
Jes Carøe Munk Hansen
Julian Tøpholm
Karen Naomi Prange
Kristiaan Nieuwenburg

Executive Management
Jan Makela, Chief Executive Officer
Marianne Wiinholt, Chief Financial Officer
Carsten Buhl, President Region Americas

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S



Statements

169 Statement by Management on the Annual Report

170 Independent auditor's report

172 Independent Auditor’s Assurance Report on ESG/Sustainability Statements

Statement by Management on the Annual Report

The Board of Directors and the Executive Management have today considered and approved the Annual Report of WS Audiology A/S for the financial year ended 30 September 2024.

The Annual Report is presented in accordance with the IFRS Accounting Standards, which have been adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's assets, liabilities and financial position at 30 September 2024 and of their financial performance and cash flows for the financial year 1 October 2023 to 30 September 2024.

We also find that the Management commentary provides a fair statement of developments in the activities and financial situation of the Group and the Parent, financial results for the period, the general financial position of the Group and the Parent, and a description of conditions referred to therein.

We recommend that the Annual Report be approved at the Annual General Meeting.

Lynge, 26 November 2024

Executive Management:

Jan Makela
Chief Executive Officer

Marianne Wiinholt
Chief Financial Officer

Carsten Buhl
President Region Americas

Board of Directors:

Lars Rasmussen
Chair

Adam Westermann
Vice-Chair

Anthony Santospirito

Jes Carøe Munk Hansen

Karen Naomi Prange

Arne Due-Hansen

Kristiaan Nieuwenburg

Julian Tøpholm

Independent auditor's report

To the shareholders of WS Audiology A/S

Opinion
We have audited the consolidated financial statements and the parent financial statements of WS Audiology A/S for the financial year 1 October 2023 to 30 September 2024, page 98 – 167 which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, financial position, Statement of Cash Flows, Statement of Changes of Changes in Equity and Notes, including material accounting policy information, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30 September 2024, and of the results of their operations and cash flows for the financial year 01 October 2023 to 30 September 2024 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent financial statements.

As part of an audit conducted 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 consolidated financial statements and the parent 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’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent’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 and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 26 November 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Nikolaj Thomsen
State-Authorised Public Accountant
Identification No. (MNE) mne 33276

Kirsten Aaskov Mikkelsen
State-Authorised Public Accountant
Identification No (MNE) mne 21358

Independent Auditor's Assurance Report on ESG/Sustainability Statements

To the stakeholders of WS Audiology A/S
WS Audiology A/S engaged us to provide limited assurance on selected ESG metrics and performance for the financial year 1 October 2023 to 30 September 2024 as presented in sections "Metrics" and "Performance" on pages 50-55, 62-65, 72-76, 84 and 89 in the Annual Report 2023/24 of WS Audiology A/S (collectively "selected ESG metrics").

Other than as described in the preceding paragraph, which sets out the scope of our en-gagement, we did not perform assurance procedures on the remaining information in-cluded in the ESG/Sustainability Statements, and accordingly, we do not express an opinion on this information.

Management's responsibility
Management of WS Audiology A/S is responsible for designing, implementing, and main-taining internal controls over information relevant to the preparation of the ESG data and information in the selected ESG metrics, ensuring it is free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing objective accounting principles for the preparation of the selected ESG metrics, for the overall content of the selected ESG metrics, and for measuring and reporting the ESG data in the selected ESG metrics in accordance with the accounting principles and Green-house Gas Protocol included on pages 50-55, 62-65, 72-76, 84 and 89 in the Annual Re-port.

Auditor's responsibility
Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and, in respect of the greenhouse gas emissions, in accordance with ISAE 3410 Assurance Engagements on Greenhouse Gas Statements and additional requirements under Danish audit regulation, to obtain limited assurance about our conclusion. Greenhouse Gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emis-sion factors and the values needed to combine emissions of different gasses.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the selected ESG metrics are free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the accounting principles;
- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the stakeholders of WS Audiology A/S.

Deloitte Statsautoriseret Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and oper-ate a system of quality management including policies or procedures regarding comp-li-ance with ethical requirements, professional standards and applicable legal and regulato-ry requirements.

We have complied with the requirements for independence and other ethical require-ments of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental prin-ci-ples of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

A limited assurance engagement is substantially less in scope than a reasonable assur-ance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Work performed
We are required to plan and perform our work in order to consider the risk of material misstatement in the selected ESG metrics. To do so, we have:

- conducted interviews with data owners and internal stakeholders to understand the key processes and control activities for measuring, recording and reporting the ESG data;
- performed limited substantive testing on a selective basis to check that data has been appropriately measured, recorded, collated and reported;
- performed analysis of data, selected based on risk and materiality;
- made inquiries regarding significant developments in the reported data;
- considered the presentation and disclosure of the selected ESG metrics;
- assessed that the process for reporting greenhouse gas emissions data follows the principles of relevance, completeness, consistency, transparency and accuracy outlined in The Greenhouse Gas Protocol Corporate Standard Revised edition (2015) and The Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and
- evaluated the evidence obtained.

Our conclusion
Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us not to believe that the selected ESG metrics as presented in sections "Metrics" and "Performance" on pages 50-55, 62-65, 72-76, 84 and 89 in the Annual Report of WS Audiology A/S for the financial year 1 October 2023 to 30 Septem-ber 2024, have been prepared, in all material respects, in accordance with the accounting principles included on pages 50-55, 62-65, 72-76, 84 and 89.

Copenhagen, 26 November 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Yassir Iqbal
State Authorised Public Accountant
MNE no 45103

Aida Sasivarevic
State Authorised Public Accountant
MNE no 47817

Design and production: **Noted**

WS Audiology A/S
Nymøllevej 6, 3540 Lynge
Denmark

wsa.com
Phone: +45 44 35 56 00
Phone: +65 6370 9666

Sivantos Pte. Ltd
18 Tai Seng Street
Singapore 539775

WSAudiology