

## Demant A/S

On Wednesday, 6 March 2024, at 3 p.m., the annual general meeting (the "AGM") of Demant A/S, Central Business Registration (CVR) no. 71186911, was held as a physical meeting at Kongebakken 9, 2765 Smørum, Denmark.

The Chair of the Board of Directors started by welcoming the shareholders and thanked them for attending the meeting. He then gave a brief presentation of each member of the Board of Directors and the Executive Board.

The Board of Directors had appointed Marianne Philip, attorney-at-law with Kromann Reumert, chair of the meeting.

The chair of the meeting announced that the AGM had been lawfully convened and formed a quorum for the transaction of the business items on the agenda.

Shares of a nominal value of DKK 37,490,408.80 were represented at the AGM, corresponding to 85.29% of the share capital adjusted for the company's treasury shares.

139 people had requested AGM admission cards of which 101 were used. The participants included 73 shareholders with voting rights. A total of 25 shareholders had granted a proxy to the Board of Directors, and 19 shareholders had completed a proxy form or cast their votes by post. 1,515 shareholders had granted a proxy to a third party.

In accordance with Article 8.2 of the Articles of Association, the agenda was as follows:

1. Report of the Board of Directors on the company's activities during the past year.
2. Presentation for approval of the audited Annual Report 2023, including the consolidated financial statements.
3. Resolution on the appropriation of profit or covering of loss according to the approved Annual Report 2023.
4. Presentation of and indicative vote on the Remuneration Report 2023.
5. Approval of remuneration for the Board of Directors for the current financial year.
6. Election of members to the Board of Directors.
7. Election of auditors.
8. Any proposals from the Board of Directors or shareholders.

The Board of Directors had submitted the following proposals:

- 8a) Deletion of Article 11.4 in the company's Articles of Association on age limit for Board members
  - 8b) Reduction of the company's share capital
  - 8c) Authorisation to the Board of Directors to let the company acquire own shares
  - 8d) Authorisation to the chair of the AGM
9. Any other business.

## **Re 1: Report of the Board of Directors on the company's activities during the past year**

Niels B. Christiansen, Chair of the Board of Directors, reported on the company's activities during the past financial year and, among other topics, touched upon the market development and the outlook for the present year. In addition, he covered the individual business areas and their performance during the past year.

Furthermore, the Chair of the Board of Directors mentioned that in connection with publication of the Annual Report 2023, the company had communicated that it had initiated an evaluation of the strategic options for the Communications business area.

## **Re 2: Presentation for approval of the audited Annual Report 2023, including the consolidated financial statements**

Søren Nielsen, President & CEO, presented the Annual Report 2023. The chair of the meeting then opened the floor for questions and comments on both the report of the Board of Directors and the Annual Report 2023.

Jørgen Siiger from the Danish Shareholders' Association took the floor. He noted that in 2023 the Demant share had seen a price increase of 53%, while the Danish C25 index had seen an increase of 7%. In addition, he noted that the top line had increased while the bottom line had decreased, apparently due to Communications. He also highlighted the positive growth rates for the Hearing Aids, Hearing Care and Diagnostics business areas. He attributed the 5% increase in the Demant share after publication of the Annual Report 2023 to the decision to "wind down" Communications.

Jørgen Siiger then emphasised that he looks with great interest and anticipation at the company's use of deep neural networks in its products – a technology that the company has worked with for many years. He concluded that Demant appears to have the most advanced hearing aids as well as the most deep neural network patents compared to its competitors, which he believes warrants a higher price earnings value.

In conclusion, Jørgen Siiger had two questions for the management. The first was when Communications would be "wound down" and what it will cost. The second was about how hearing aids with deep neural networks will impact the company's future earnings.

The Chair of the Board of Directors thanked for the contribution, including the interest shown and the questions. The Chair started by explaining that the decrease in the bottom line is due to the fact that the total results after tax of the two discontinued activities, Hearing Implants and Communications, are included. The Chair added that if you look at the continuing activities in isolation, the bottom line has in fact increased.

In continuation of this, the Chair added that Demant is evaluating the strategic options for the divestment of Communications and not a liquidation. A divestment will potentially mean an income for Demant and likely not a cost.

The Chair then reaffirmed the Board's confidence in Demant's development of technology-leading hearing aids through the use of deep neural network and artificial intelligence technology. The Chair emphasised that Demant's new flagship product, Oticon Intent, uses the latest technology to ensure that users have the best listening experience. Lastly, the Chair once again thanked for the insightful questions and the interest in the company.

Kjeld Beyer then took the floor. He began by highlighting the company's share buy-backs and asked what proportion of the company's treasury shares will be used to reduce the company's share capital and what proportion is used for the management's and employees' remuneration programmes.

The Chair thanked for the question and then explained the company's model for buying back shares under which all the bought back shares are cancelled, except for the shares used for the management's remuneration programme. The Chair added that the company's holding of treasury shares appears from the financial statements and that the Remuneration Report 2023 states the number of shares allotted to the Executive Board's share programme.

Kjeld Beyer took the floor again. He encouraged the company to pay dividends instead of buying back shares. He concluded by encouraging the company to also prepare the annual report in Danish.

The Chair acknowledged the inputs and explained the background of the share buy-back model rather than dividends and the flexibility it provides. Every year, Demant uses its cash flow from operating activities for value-creating investments and acquisitions. The intention is to use any excess liquidity for ongoing share buy-backs. And the shares that are bought back are used for a capital reduction, which must ultimately be adopted by the AGM. In this way, a large part of the earnings is channelled back to the shareholders.

Flemming Als then took the floor and asked about the company's climate efforts, and in particular how the company reduces its CO2 emissions, and whether this is done by using solar cells or other renewable energy sources.

The Chair thanked for the question and confirmed that Demant reduces the company's emissions by using solar cells and by purchasing electricity produced by solar cells and renewable energy sources and that certificates are obtained for these purchases.

The chair of the meeting then stated that the discussions had been concluded, that the AGM had taken the Chair's report into consideration and that the Annual Report 2023 had been approved.

### **Re 3: Resolution on the appropriation of profit or covering of loss according to the approved Annual Report 2023**

The Board of Directors proposed that the profit for the year of DKK 1,375 million be transferred to the company's reserves to the effect that no dividends are paid out.

The proposal was adopted.

### **Re 4: Presentation of and indicative vote on the Remuneration Report 2023**

The Board of Directors proposed that the Remuneration Report for the financial year 2023 be approved.

The chair of the meeting noted that the vote was indicative pursuant to section 139b (4) of the Danish Companies Act.

The proposal was adopted.

### **Re 5: Approval of remuneration for the Board of Directors for the current financial year**

The Board of Directors proposed that the basic fee for Board members remains unchanged compared to 2023. It is thus maintained that the Chair of the Board of Directors receives three times and the Deputy Chair twice the basic fee.

The Board of Directors proposed that the basic fee for the members of the audit committee remains unchanged compared to 2023 and that it is also maintained that the chair of the audit committee receives twice the basic fee.

The proposals were adopted.

## **Re 6: Election of members to the Board of Directors**

Under Article 11.2 of the Articles of Association, members of the Board of Directors elected by the AGM are elected for one-year terms. Niels B. Christiansen, Niels Jacobsen, Sisse Fjelsted Rasmussen and Kristian Villumsen stood for re-election. Anja Madsen did not stand for re-election, as she will move back to the UK with her family, having accepted a new position here. Until the next AGM in 2025, the Board of Directors will have four members elected by the AGM.

Section 120 (3) of the Danish Companies Act was observed.

The chair of the meeting asked whether there were any comments to this item on the agenda.

Carsten Thrane took the floor. He asked about the management's co-ownership, and in continuation of this question, he requested a statement of the shareholdings of the individual members of the Board of Directors and Executive Board.

The Chair informed the inquirer that a statement as of 31 December 2023 of the shareholdings of the Board of Directors and Executive Board can be found in the Annual Report 2023 and then listed the individual members' shareholdings.

The Board of Directors now consists of:

- Niels B. Christiansen
- Niels Jacobsen
- Sisse Fjelsted Rasmussen
- Kristian Villumsen
- Thomas Duer (staff-elected member)
- Charlotte Hedegaard (staff-elected member)
- Heidir Hørby (staff-elected member)

## **Re 7: Election of auditor**

The Board proposed re-election of PwC in accordance with the recommendation of the audit committee. Furthermore, the Board proposed that in the future, PwC's tasks will also include providing an opinion on the assurance of sustainability reporting in the management report.

The proposals were adopted.

## **Re 8: Any proposals from the Board of Directors or shareholders**

No shareholders had submitted proposals.

### *Re 8a: Deletion of Article 11.4 in the company's Articles of Association on age limit for Board members*

The Board of Directors proposed that the age limit in the Articles of Association be deleted, as the Board of Directors finds that age in itself should not form the basis of either qualification or disqualification of a Board member. Consequently, the Board proposed that Article 11.4 of the company's Articles of Association be

deleted, so that the following text is removed: "A member of the Board of Directors must resign its position on the Board of Directors no later than at the first annual general meeting after such member has reached the age of 70."

Articles 11.5 to 11.11 of the Articles of Association are adjusted accordingly and will henceforth become Articles 11.4 to 11.10.

The proposals were adopted with the required majority of votes.

*Re 8b: Reduction of the company's share capital*

The Board of Directors proposed a reduction of the company's share capital by nominally DKK 569,929.60 divided into 2,849,648 shares with a nominal value of DKK 0.20 each, corresponding to the company's holding of treasury shares as of 5 February 2024 with the deduction of shares to cover management's retention programme and the share salary arrangement offered to the employees. The company's holding of treasury shares was acquired as part of the company's share buy-backs in 2023. The reduced amount will be distributed to the shareholders in accordance with section 188 of the Danish Companies Act. The shares were acquired at a total price of DKK 821,811,461.00, meaning that DKK 821,241,531.40 was paid in addition to the nominal value of the reduction.

As a result of the capital reduction, it was proposed that Article 4.1 of the Articles of Association be amended accordingly after expiry of the time limit prescribed in section 192, subsection 1, of the Danish Companies Act to the effect that it is then stated in Article 4.1 that the company's share capital is DKK 44,217,958.40.

Before the capital reduction is carried out, the company's creditors will be prompted via the Danish Business Authority's IT system to file their claims within a period of four weeks, cf. section 192, subsection 1, of the Danish Companies Act. The capital reduction and the resulting amendment to the Articles of Association will be registered as final with the Danish Business Authority after expiry of the deadline for creditors' notification of claims, cf. section 193, subsection 1, of the Danish Companies Act, unless the capital reduction cannot be carried out at this time in accordance with the provisions of the Danish Companies Act.

The proposals were adopted with the required majority of votes.

*Re 8c: Authorisation to the Board of Directors to let the company acquire own shares*

The Board of Directors proposed that until the next AGM, the Board of Directors be authorised to let the company acquire own shares of a nominal value of up to 10% of the share capital. The purchase price for such shares must not deviate by more than 10% from the price quoted on Nasdaq Copenhagen A/S at the time of the acquisition.

The proposal was adopted.

*Re 8d: Authorisation to the chair of the AGM*

The Board of Directors proposed that the chair of the meeting be authorised to make any such amendments and additions to the resolutions passed at the AGM and the application for registration with the Danish Business Authority that may be required by the Authority in connection with the registration of the amendments passed.

The proposal was adopted.

## **Re 9: Any other business**

The chair of the meeting started by emphasising that it was not possible to adopt anything under this agenda item. The chair of the meeting also emphasised that this was an opportunity for the shareholders to have a dialogue with the management or give comments to the company.

Jørgen Thomsen took the floor and started by expressing his appreciation of the AGM being held as a physical meeting. He then asked whether a model of Oticon Intent will be produced with a replaceable and not just a rechargeable battery.

Søren Nielsen thanked for the interest and was pleased that Jørgen Thomsen uses the company's hearing aids. He then emphasised the large capacity that Oticon Intent's rechargeable battery has, which allows the user to use the hearing aid throughout the day without having to charge the hearing aid. The hearing aids of the future will be based on rechargeable battery technology, as this provides the greatest user satisfaction.

Kjeld Beyer took the floor again and expressed his support of the AGM being held as a physical meeting.

The chair of the meeting concluded that there was no further business to transact and gave the floor to the Chair of the Board of Directors.

The Chair of the Board of Directors thanked the chair of the meeting and the shareholders for their attendance and closed the AGM at 4:23 p.m.

Chair of the meeting:

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Marianne Philip, attorney-at-law