

## **Chair's report at Demant A/S' annual general meeting on Thursday, 5 March 2026 at 3:00 p.m.**

It is always a pleasure to extend a warm welcome to you, our shareholders, at the annual general meeting here at Demant's headquarters in Smørum. This year, I do it with special emotions, as it will be my last report as Chair after 18 years of service on the Board of Directors of which I have served the last nine years as Chair. For almost two decades, I have had the pleasure of following Demant's development closely – a journey marked by significant growth and value creation, continuous innovation and an unwavering focus on improving the lives of people with hearing loss.

When I look back on my time on Demant's Board, I see a company that has undergone a remarkable development. Revenue has grown from around DKK 5 billion to an expected more than DKK 25 billion this year, earnings have also increased fivefold during the period, and the organisation has grown from employing about 5,000 people to now employing more than 26,000 people globally. This development is the result of a targeted and long-term strategic direction, where consistent execution and a clear prioritisation of innovation and growth have been pivotal. Over the years, we have experienced periods with very solid results, but we have also faced a few years where external conditions placed greater demands on our adaptability. Both scenarios have, however, contributed to shaping the solid and internationally competitive company that Demant is today.

### **2025 and strategic initiatives**

I could speak at length about what a fantastic company Demant is, but we are here to round off 2025. So instead, let me turn my attention to the past year.

We entered the year expecting normal market growth. However, the year was characterised by considerable macroeconomic uncertainty, and the US hearing aid market, in particular, saw lower-than-normal growth due to postponed investments in equipment and general consumer restraint. We therefore had to downward adjust our financial outlook for the year on two occasions. This is not satisfactory and does not live up to the ambitions we had set at the beginning of the year. In line with the revised expectations, the Group achieved organic growth of 2% and an operating profit before special items of DKK 3.96 billion.

It is worth noting that these results were achieved in a market characterised by continuously intense competition and a slowdown in the demand for hearing aids. Given these circumstances, it is particularly important that Demant stays on course, maintains its focus on long-term value creation and continues to execute its strategy. From a strategic perspective, a crucial milestone during the year was the completion of our largest expansion ever: the acquisition of German KIND, one of the world's leading chains of hearing clinics. This acquisition will significantly strengthen our long-term position. Also, the launch of the discreet and uncompromising hearing aid, Oticon Zeal, was pivotal. I will return to both topics later.

In 2025, we took some important strategic steps towards creating a more focused Demant. We thus entered into agreements to divest both Oticon Medical, our bone-anchored hearing systems business, and EPOS, our headset business. As far as EPOS is concerned, the transaction was concluded in January, and we expect the divestment of Oticon Medical to be concluded before the end of the first quarter. We can therefore now focus fully on supporting our ambition to become the leading hearing healthcare company.

While implementing these strategic initiatives, we have seen lower-than-normal growth in the US hearing aid market and intense competition having a negative impact on our profitability. In connection with publication of the Annual Report, we therefore announced that we would implement a number of structural changes across

the Demant Group to pave the way for improved future growth and increased profitability. These measures include an adjustment of the size of the organisation and a reduction of the global workforce by around 700 employees. Even though it is never easy or desirable to say goodbye to valued colleagues, these initiatives are nevertheless necessary to ensure Demant's long-term success.

## Hearing healthcare

Our three business areas – Hearing Aids, Hearing Care and Diagnostics – play an important role in our success and overall value creation.

Hearing Aids delivered 2% organic growth in 2025, which is modest and in line with the market growth rate. We have entered 2026 with a very strong product portfolio based on groundbreaking innovation and continued investments into the latest technologies, including AI. A pivotal activity in 2025 was the launch of Oticon Zeal late in the year. It is an almost invisible in-the-ear hearing aid, combining the latest AI technology with modern rechargeability and smartphone compatibility. In addition, Oticon Zeal accommodates the wishes of first-time users for a discreet solution that does not compromise on sound quality, functionality or reliability. Oticon Zeal was very well received in the market, and together with our continued investments in AI-driven hearing aids, this positions us well for 2026.

Hearing Care had a strong year, delivering 10% growth in local currencies, driven by solid performance in our existing clinic network across markets and by acquisitions, which accounted for 7 percentage points of the growth. It is in our hearing clinics that we get close to the users and can ensure the individual treatment that makes a real difference in their everyday lives. It is also in this part of the value chain that we have the best opportunity to influence the decision to seek treatment earlier, allowing us to help more people with hearing loss.

The acquisition of KIND was historic for Demant. It is our largest acquisition ever and a strategically important step towards creating further growth in the coming years. With KIND, we significantly strengthen our long-term position – especially in Germany, where we will become the leading player. The acquisition means that we now operate more than 4,500 hearing clinics worldwide. Not only does this underline our scale, it also demonstrates our ability to engage locally and get even closer to the users. The combination of delivering state-of-the-art technology and professional and personal counselling is the cornerstone of Hearing Care, and going forward, KIND will further fortify this foundation.

Once again, Diagnostics demonstrated its resilience in 2025. Although growth in the global market was flat, we achieved 1% organic growth, driven by solid commercial execution, supported by successful outcomes of a number of important tenders and by strong development in our service and consumables business. Diagnostics continues to strengthen its position as global market leader, and our multi-brand strategy provides a strong foundation for future growth.

## Sustainability

The three business areas have focused growth strategies that contribute to Demant's positive impact on people's health and wellbeing every day. Ensuring health and wellbeing is our all-important sustainability goal and is closely linked to our purpose of *life-changing hearing health*. When we improve people's hearing, we also improve their quality of life, mental health, social participation and attachment to the labour market – all factors contributing to a more sustainable society. In 2025, we tested 1.6 million people for hearing loss in our clinics, and we improved the lives of more than 12 million people through Demant hearing aids. It is our goal that this number exceeds 16 million by 2030.

In 2025, we reached an important milestone in relation to our climate efforts by achieving our goal of sourcing more than 50% of the power Demant uses in Denmark from renewable energy sources. We also continued our work with diversity and inclusion and achieved a female/male gender balance of 33/67% in our top management. These achievements represent important steps in the right direction and support our ambition to build an even more diverse and inclusive Demant.

## **Outlook and capital allocation**

Looking into 2026, we have come to realise that a normalisation of growth in the global hearing aid market is, unfortunately, not imminent. General macroeconomic uncertainties are expected to continue to dampen demand in the US, and growth in the hearing aid market in terms of value is expected to be 2-4%. This is a conservative assumption, which, for the time being, remains below our medium- to long-term expectations of market growth.

Despite this, we maintain our ambition to gain market shares and expect to deliver organic growth of 3-6% and an operating profit before special items of DKK 4.1-4.5 billion. With Demant as a more focused company, consistent execution of our strategy, strong innovation capabilities and a clear plan to improve profitability, we believe we have a solid foundation for taking market shares in a market that will continue to be characterised by intense competition.

As regards the allocation of capital and the return of profits back to you, our shareholders, I would like to remind you of how we approach this in Demant:

Each year, we use the cash flow generated from our operating activities for value-creating investments and acquisitions. Any excess liquidity is used for share buy-backs. Based on this, we propose to carry out a capital reduction after the general meeting. In this way, a large part of the profits is returned to you, our shareholders. In the first half of 2025, we bought back shares worth DKK 582 million, before the share buy-back programme was put on hold following the announcement of the acquisition of KIND. The programme will remain on hold until we have our long-term target of a gearing multiple of 2.0-2.5 within sight. This approach reflects our intention to both make long-term investments and continuously create value for our shareholders.

## **Board of Directors**

As mentioned earlier, I will not stand for re-election at this annual general meeting after almost two decades serving on the Board of Directors. It has been a great honour to serve Demant for the past many years, and I am deeply grateful for the cooperation, trust and the considerable joint efforts of the Board. It has been a privilege to follow Demant's development closely and to contribute to the direction that has made the company a global leader in hearing healthcare.

In that connection, I am very pleased that, as announced, the Board intends to appoint Kristian Villumsen new Chair after the general meeting. Kristian has in-depth knowledge of Demant and extensive international experience, and I am confident that he will be a competent and unifying force in the further development of the company.

We also propose that Thomas Hofman-Bang is elected as new member of the Board. Thomas is CEO of Industriens Fond (the Danish Industry Foundation) and has many years of experience from both international and Danish companies as well as solid board experience. He also serves on the boards of William Demant Foundation and William Demant Invest A/S, thereby meeting the requirements for representation stipulated in the deed of William Demant Foundation. Thomas is, of course, present here today, and I would like to ask

him to stand up. We are confident that that his experience and insights will prove valuable to the Board's work going forward.

I am also pleased that – in addition to Kristian Villumsen – Niels Jacobsen, Sisse Fjelsted Rasmussen and Katrin Pucknat are all standing for re-election. Their continued engagement ensures the continuity that characterises the cooperation within the Board and has been an important precondition for Demant's stable and long-term development.

The Board of Directors and the Executive Leadership Team have also, over the past year, had a close and well-functioning cooperation characterised by open, trusting and constructive discussions. As a natural part of our approach to corporate governance, we conduct an evaluation of the Board's work each year – either through interviews between the Chair and the individual members or through a structured questionnaire. Regardless of the form, the full Board subsequently discuss the results to ensure that we continue to strengthen our way of working and maintain an effective and value-creating process. As part of the year's self evaluation, the Board has concluded that the cooperation is working well and that the current structures support the Board's efficient and well-functioning work.

## **Remuneration**

Built on the principle to reward members of the Board of Directors and the Executive Board for their commitment and the results achieved for the company, our remuneration structure and policy are simple. At the same time, we must be able to attract, motivate and retain qualified members of both the Board and the Executive Board.

This year, we submit the Remuneration Policy for approval by the annual general meeting. We have reviewed the Remuneration Policy to assess whether any changes to its content were necessary. It is the Board's view that the Policy works as intended and supports the incentives and remuneration components that the Board wants to offer. Accordingly, we do not propose any material changes to the Policy. However, the revised Policy includes targeted clarifications and editorial adjustments. These changes have been made to improve readability and ensure that the core principles and provisions appear more transparent and easier to navigate for both shareholders and other stakeholders.

We have also specifically assessed the feedback received on the one-year performance period in our long-term incentive programme. We recommend maintaining the current model under which a one-year rolling performance period combined with a three-year vesting period makes realistic and relevant goal-setting possible, while maintaining the long-term nature of the programme. We are aware that this approach may give rise to questions; however, in our view, the current model best supports Demant's strategy.

The Board proposes adjustments to the Board's remuneration: The basic fee is increased from DKK 450,000 to DKK 500,000, and the audit committee fee is increased from DKK 100,000 to DKK 125,000. With these adjustments, the fees will be broadly in line with the average fees for Danish C25 companies.

As always, we present all information on the remuneration of the Board of Directors and the Executive Board our Remuneration Report, which also includes the performance criteria.

## **Conclusion**

Now, at the end of my report, I would like to look ahead. Demant is well positioned for the future. Throughout 2025, we have continued to strengthen the foundation for an even more focused, robust and competitive Demant – for the benefit of our customers, employees and shareholders. With three business areas addressing

different aspects of the hearing journey and a clear strategy, we are leading the field in a global hearing healthcare market, which, for the time being, is expected to continue to grow at a slower pace than usual.

2026 will be an important year, as we will execute our plan to increase profitability through prioritisation and efficiency improvements – all with continued focus on quality, innovation and service for the benefit of our customers. I will follow Demant closely, and I very much look forward to that, as I know that the company is led by a strong and competent Board of Directors and management who work tirelessly to ensure that Demant becomes – and remains – the world's leading company in hearing healthcare.

As I now conclude my tenure as Chair of the Board, I would like to express my heartfelt thanks to our dedicated employees around the world, to our customers and business partners and to you, our shareholders, for your continued support and trust. It has been a great privilege to serve Demant for so many years.

With that, I will give the floor to Demant's CEO, Søren Nielsen, who will review the financial results for 2025.