

Chair's report at Demant A/S' annual general meeting on Wednesday 6 March 2024 at 3:00 p.m.

It is again this year with great pleasure that I can welcome you shareholders to this house where, together with colleagues from all over the world, we all have a common main purpose – namely to make life easier for people with hearing loss or, as we say in English, *life-changing hearing health*.

I am happy to be part of this company and to experience the value that the employees help create every day for users all over the world, just as I always look forward to inviting you shareholders to the annual general meeting, so you can also sense the soul of the company and the commitment of the employees.

We can look back on a year where we achieved the best results in the history of the Group, while also helping an incredible number of people by treating their hearing loss. We have contributed to screening and diagnosing more than 200 million people with suspected hearing loss and screening of 20 million newborn babies. And if we focus on the people we help in our clinics or through wholesale of hearing aids, we have thus contributed to more than 13 million life years with improved quality of life.

This underscores the value of our products and services and not least the positive contribution we make to society. It is also a testament to how our engaged employees work every day to realise our ambition to improve as many lives as possible. Our ambition and care for people's hearing health and well-being go hand in hand with caring for society and the planet, and this is the very core of our sustainability strategy.

For Demant, 2023 was a year where we launched a number of innovative products and delivered very high growth, even though the year started with uncertain market conditions, but the market quickly improved and returned to normal growth rates. I think it is worth mentioning how we have been able to adapt to this normalisation after years of significant volatility, and to top it off, we have managed to increase our market share and not least achieve a strong operating profit of more than DKK 4.1 billion. The Board of Directors is very pleased with this development.

In his speech, Søren Nielsen will elaborate on the Group's financial development and results for the year.

Communications

Before diving into our business, I would like to touch upon our decision to initiate an evaluation of the strategic options for our Communications business area. The purpose of this evaluation is to establish whether another owner would be better suited to accelerate growth and enable the business to realise its full potential. Let me give the background to this decision:

In the past few years, the Communications business has been adversely impacted by a weak market, which has led to a lack of scale – especially in terms of global distribution.

The lack of profitability means that we have had to take steps to reduce the complexity of the business, including the winding down of our Gaming activities, but thanks to a commendable effort by our employees in tough times, the business is now in a strengthened position with a robust and focused organisation and a strong product portfolio of audio and video solutions for businesses. So now is a good time to investigate whether the potential for Communications is better realised under different ownership. We expect to finish this investigation in H1 2024.

A more focused Demant

Demant is fully dedicated to furthering global hearing health, so we can help more people hear better and live active and socially engaged lives. We will continue to expand the Group within our three business areas, *Hearing Aids*, *Hearing Care* and *Diagnostics*, where we are in a unique position to service users and customers from the initial screening and fitting to continuous personal treatment.

Hearing Healthcare

Let me comment on the individual business areas:

Hearing Aids is our business area for the manufacture and wholesale of hearing aids. In 2023, the business area delivered very high organic growth of 22% driven, among other factors, by the successful launch of our premium product Oticon Real. Working with the core of hearing health innovation and striving for technological advances, we create solutions that provide significant benefits for our users. That is why we are extremely happy that already in February, we were able to announce the launch of another new and groundbreaking product, Oticon Intent, which will support growth in 2024.

A common denominator for people seeking treatment for their hearing loss is a desire to maintain their ability to hear clearly in *all* listening environments, which is an essential part of everyday life. We do not want to be limited in our possibilities to interact with others. Our solutions must help people hear better and thus minimise the limitations of interaction that exist for people with hearing loss, and complex listening situations are the most difficult situations. With our new flagship product, we address these specific difficulties. We have worked with artificial intelligence for several years and have with the new product further optimised the use of artificial intelligence and at the same time added sensors that detect and support the user's listening intentions with a view to increasing the interaction between speech and understanding. Let me illustrate this by showing a short film: [Film].

We are happy that with the new products, we have taken another important step towards ensuring that people with hearing loss can continue to enjoy active and socially engaged lives.

Hearing Care is our global network of clinics, which we in Denmark and in several other countries know as Audika. It is in the clinics that we get close to the users of our products, and we work dedicatedly to help them hear better.

We are convinced that personal and professional treatment is essential for a person with hearing loss. That is why we offer competent and caring treatment and the best technological solutions in our clinics. In 2023, we helped even more people in our clinics, and Hearing Care delivered good growth. In line with our strategy, we also continued to acquire clinics, so we are available to even more people. By way of example, we doubled our presence in Belgium by acquiring a chain, while increasing our presence in Germany considerably in the past year.

Diagnostics is our business area for diagnostic instruments and services where we are market leader. 2023 was another growth year for Diagnostics where we delivered solid growth, and recent years' growth means that at the beginning of the year, we could inaugurate our new, modern production facility in Poland, so we can continue the impressive development. This was an important milestone for the business area in 2023.

In 2023, Diagnostics launched a new, groundbreaking method for hearing testing. The test is called *Audible Contrast Threshold* or ACT. With the new test method, we add a new dimension to hearing testing, as it measures the quality – or how **well** a person understands speech in noisy environments – and not just how

much a person can hear. We are convinced that two-step diagnosing of hearing loss – that is a combination of the classic audiogram and the new ACT test – will set a new standard for diagnosing and thus the treatment of hearing loss for hearing care professionals and hearing aid users all over the world.

ACT is the result of extensive collaboration and knowledge sharing between Hearing Aids and Diagnostics. Demant's unique set-up with three business areas united in one hearing healthcare company provides fertile soil for important collaborations across the Group, and this is how we develop the business and create innovative solutions for the customers.

Hearing Implants

We are still working towards the divestment of Oticon Medical to Cochlear. During the year, however, we had to change the scope of the divestment to only include the cochlear implant business based on feedback from the competition authorities. We expect to close the divestment in H1. Our business for bone-anchored hearing solutions will remain part of the Group, while we evaluate our strategic options. We maintain our decision to exit Hearing Implants, including the bone-anchored hearing solutions business.

Sustainability

Sustainability is an integral part of our purpose and strategy. And here our core contribution are *life-changing hearing health* and the increased quality of life that our products and solutions contribute to for our users and thus society.

In addition to that, we have specifically selected two focus areas in Demant that we have worked on for several years: climate and diversity. We have made progress in both areas in the past year, and I would like to elaborate on them here:

In the climate area, our goal by 2030 is to have reduced our CO₂ emissions by 46% compared to 2019 and by 2050 to have achieved climate neutrality in the entire value chain, also known as net zero emissions. Concretely, we reduced our Scope 1 and 2 CO₂e emissions by 15% in 2023 compared to the year before, as we have increased our use of renewable electricity. Also in 2023, the Science Based Targets initiative validated our climate goals, which is an important milestone for our continued work in the climate area.

The second focus area is the creation of an even more diverse and inclusive culture in our company to further support and promote fair opportunities for all. The Demant Group employs a diverse group of people from all parts of the world and with many different backgrounds. We are convinced that our ability to embrace the strengths that this diversity provides is one of the cornerstones of our success.

We are pleased that again this year, we can report on progress on our goals. We have achieved a more balanced gender distribution in our global top management, so the proportion of women is now 27%, which is 4 percentage points higher than at the end of 2022. We aim for this number to reach 30% in 2025. The positive development we have seen in 2023 was driven by focused initiatives like leadership training and inclusion initiatives within recruitment.

We are focused on continuing the positive development and are happy to report that our sustainability strategy embedded in the Group's strategy has come to fruition.

Cash flow, share buy-backs and expectations

In 2023, we delivered a very strong cash flow from operating activities of more than DKK 4 billion, mainly due to higher profitability. This shows that Demant is a healthy company with a strong financial position. And it gives us freedom to execute on the strategic choices that we think serve our ambition best in terms of creating value for our users and shareholders. Each year, we invest heavily in research and development and make valuable acquisitions, especially within distribution.

As far as allocating capital and channelling profits back to you shareholders are concerned, I would like to recap our position on this issue:

Each year, we use the cash flow from operating activities for value-creating investments and acquisitions. We intend to use any excess liquidity for continuous share buy-backs. We use the shares we buy for capital reduction, and we propose that the general assembly adopts this proposal. That way, a big part of the profit is channelled back to you shareholders.

After a major acquisition in 2022, we put our share buy-backs on hold and this continued into 2023. However, during the year we achieved a significant reduction in the gearing multiple – which we want to maintain at 2-2.5 – especially thanks to improved earnings and a strong cash flow throughout the year, and we therefore resumed our share buy-backs at the end of the year. We are pleased to have resumed our share buy-backs and plan to buy back shares worth more than DKK 2 billion this year.

Overall, we once again present an ambitious plan for Hearing Healthcare, which builds on the strong results achieved in 2023. It is ambitious to aim to grow more than the market year-over-year, but this is perfectly in line with our ambition – as the leading hearing healthcare company – to improve as many lives as possible.

Board of Directors and remuneration

The Board of Directors evaluates on a continuous basis whether the company has value-creating and efficient structures for corporate governance that strike a balance between being a listed company with many shareholders and strong and good foundation ownership with a long-term perspective. We continue to comply with the Danish Recommendations on Corporate Governance to a very high degree, and our report on corporate governance can as always be found on the company's website.

Every year, we evaluate our work in the Board. The evaluation is either conducted through individual interviews with the Board members or by means of a questionnaire. In both instances, the entire Board discuss the findings afterwards. At least every third year, the evaluation is conducted with external support, which was the case in 2023.

After the evaluation in 2023, the Board found that there is a very constructive working climate in the Board of Directors and in relation to the Executive Board. The Board is content with its management and committee structure and is focused on the long-term strategic development of the company and on ensuring that the company's potential is used to the fullest at all times.

Regrettably, Anja Madsen informed the Board at the most recent Board meeting that she will not stand for re-election, as she will soon move back to the UK with her family. Anja has been a member of the Board for four years and has made an active, engaged and competent effort for the company. On behalf of the shareholders, I would like to thank you very much for that, Anja.

We will now start searching for a new, competent candidate, who will become the fifth member of the Board of Directors and whom we will propose for election at the annual general meeting in 2025. We work continuously to identify which competencies the Board needs in order to support Demant's continuous, strong development. You can read more about them on our website. I would also like to emphasise that the Board is still committed to its stated target of having a 40/60% gender diversity ratio on the Board.

At this annual general meeting, we propose that the age limit of 70 years stated in the Articles of Association be removed, as the Board finds that age in itself should neither qualify nor disqualify a member of the Board.

It has always been our goal to have a simple remuneration structure and policy. The purpose of our Remuneration Policy is to reward members of the Board of Directors and Executive Board for their engagement in and achieved results for the company. In addition, the purpose is to attract qualified potential members to the Board of Directors and Executive Board, and once a member, to motivate and retain them. The Board of Directors finds that the remuneration of the Executive Board of Demant is fair and competitive.

The annual fee for Board members is DKK 450,000, and the fee for the members of the audit committee is DKK 100,000. The fee for Board members is around the average fee for board members in the companies in the C25 index, whereas the fee for members of the audit committee is at the low end. For 2024, we propose that the fees be retained.

As usual, we put forward all information about the Board of Directors' fees and the Executive Board's salary in our Remuneration Report where the performance criteria can also be found.

Final remarks

Demant is dedicated to creating life-changing value with our hearing healthcare solutions and to improving as many lives as possible. This is a commitment to our customers, employees and investors.

We want to deliver the best customer and user experience that exceeds expectations. All our competent employees all over the world work dedicatedly towards this goal every day. Therefore, we are also committed to ensuring that we have an engaging, inclusive and innovative culture that allows our employees to develop and grow. A big and warm thank you to our employees for their contributions in 2023.

To both new shareholders and to those shareholders who have been faithful throughout the years – many of you are here today – thank you very much for your support and vigilance. We are dedicated to being the world's leading hearing healthcare company and to continuing to create growth and deliver attractive financial results based on a strong and sustainable business model.

I will now give the floor to Søren Nielsen, who will go through the company's financial statements for 2023.

Søren, the floor is yours.