

## **William Demant Holding A/S**

On Monday 27 March 2017 at 4 pm, the Annual General Meeting (the "AGM") of William Demant Holding A/S, Central Business Registration (CVR) no. 71 18 69 11, was held at Kongebakken 9, 2765 Smørum, Denmark.

The Chairman of the Board of Directors addressed a few words of welcome to 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 attorney Jesper Schultz Larsen as Chairman of the meeting.

The Chairman of the meeting announced that the notice of the AGM had been given in accordance with the Articles of Association and the Danish Companies Act (*selskabsloven*) and that the general meeting had been lawfully convened and formed a quorum for the transaction of the business on the agenda.

Shares in the nominal amount of DKK 42,581,612 were represented at the general meeting, corresponding to 82.2% of the share capital after adjustment for the Company's own shares.

The Company had issued 194 admission cards for the general meeting, of which 112 were present. The participants included 72 shareholders with voting rights. A total of 24 shareholders had granted a proxy to the Board of Directors, and 17 shareholders had completed a proxy form or cast their votes by post. 631 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, including the consolidated financial statements.
3. Approval of remuneration for the Board of Directors for the current financial year.
4. Resolution on the appropriation of profit or covering of loss according to the approved annual report.
5. Election of members to the Board of Directors.
6. Election of auditor.
7. Any proposal from the Board of Directors or shareholders.

The Board of Directors had submitted the following proposals:

- a) Reduction of the Company's share capital
- b) Authorisation to the Board of Directors to let the Company acquire own shares

c) Amendment to Article 9.2 of the Company's Articles of Association

d) Authority to the Chairman of the AGM

8. Any other business.

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

The Chairman of the Board of Directors, Lars Nørby Johansen, reported on the Company's activities during the past financial year and explained the Company's position on the Recommendations on Corporate Governance.

### **Re 2: Presentation for approval of the audited annual report, including the consolidated financial statements**

Niels Jacobsen, President & CEO, presented the 2016 annual report. The Chairman of the meeting then opened the floor for questions and comments concerning both the report of the Board of Directors and the presentation of the annual report.

Jørgen Siiger took the floor on behalf of the Danish Shareholders' Association (*Dansk Aktionærforening*). He thanked the Chairman of the Board of Directors, Lars Nørby Johansen, and the President & CEO, Niels Jacobsen, for their efforts on the Board of Directors and the Executive Board, respectively. He then explained the objectives of the Danish Shareholders' Association and reflected on the past year. Jørgen Siiger stated that the Hearing Implants business area only accounted for 3% of the Company's revenues in 2016, which is a relative decline compared to 2015. Jørgen Siiger also pointed out that Niels Jacobsen and the coming CEO had expressed great expectations for this business area. Jørgen Siiger asked the management what ideas it had with respect to facilitating the development in Hearing Implants. Then Jørgen Siiger said that it was fantastic if the new device, Oticon Opn, could solve the so-called "cocktail problem", which had always been a major problem for the hearing impaired. He feared, however, that the device might infringe a recently taken out GN Hearing US patent, against which the Company had taken legal action claiming invalidity. Jørgen Siiger asked for the management's position on this exposure. Finally, Jørgen Siiger pointed out that US President Donald Trump had talked about reducing costs for inter alia Health Care. He asked whether this would influence the earnings of the Company.

Niels Jacobsen, President & CEO, addressed the questions from Jørgen Siiger and the Danish Shareholders' Association. With respect to the development in Hearing Implants, Niels Jacobsen commented that the Hearing Implants business is divided into bone-anchored hearing aids and cochlear implants. As to bone-anchored hearing aids, Oticon already has a significant market share of approx. 25-30%, and Niels Jacobsen trusts that the market share will increase. When it comes to cochlear implants, Oticon has a small market share, but there is confidence that Oticon's technological development and distribution power will contribute to considerable growth in the market share for cochlear implants in the years to come. Niels Jacobsen explained that the disappointing 2016 results within Hearing Implants were a consequence of the limited experience that Oticon had in this area.

In reply to the question about a potential patent case against GN Hearing, Niels Jacobsen commented that the hearing aid industry faces many such legal actions, but only very few of them become a reality. He explained that it is neither the Company's impression nor its expectation that it will have any significant influence. As to the question of President Donald Trump's cutbacks in Health Care costs, Niels Jacobsen stated that considering the many various announcements, it is difficult to take a specific and realistic stand on what Donald Trump will succeed in implementing. He commented that hearing aids do not constitute a substantial part of Health Care and that the major part of payments for hearing aids are made by private users.

Claus Berner Møller took the floor on behalf of the Danish pension and social security provider, ATP. He thanked for the report and the presentation of the annual report and went on to reflect on the past year. Claus Berner Møller commented that the Company had generated impressive topline growth in 2016, particularly within the business areas of Hearing Aid Wholesale and Retail Business. In contrast, the business areas of Hearing Implants and Diagnostic Instruments had experienced a more difficult period. As questions had already been posed about Hearing Implants, Claus Møller only posed questions about Diagnostic Instruments. He specifically asked which initiatives and changes could improve the Diagnostic business and whether such initiatives could be expected to result in increasing growth rates already in 2017. Claus Berner Møller concluded by thanking Niels Jacobsen for a good working relationship and congratulated Søren Nielsen on his appointment as the new CEO. Finally, he thanked the Chairman of the Board of Directors, Lars Nørby Johansen, for his long-standing service as Chairman.

Niels Jacobsen, President & CEO, thanked for the kind words and addressed the question from Claus Berner Møller and ATP. Niels Jacobsen commented that it was difficult to say exactly what would be required to generate growth within the Diagnostic Instruments business area as William Demant has a world market share of almost 40%. He stated that the Company would focus on the market changes arising out of GN Hearing's sale of GN Otometrics to Natus Medical in September 2016. They are the two largest suppliers in the market joining forces. This may provide opportunities for the Company, but Niels Jacobsen commented that at present, it is difficult to say anything about the extent to which such changes may generate growth or cause turbulence for William Demant.

The Chairman of the meeting then ascertained that the discussions were concluded, that the AGM had taken note of the Chairman's report and that the 2016 annual report was approved.

### **Re 3: Approval of remuneration for the Board of Directors for the current financial year**

The Board of Directors proposed that the basic fee for 2017 should remain DKK 350,000, and that the Chairman should receive three times and the Deputy Chairman twice the basic fee.

In addition to this, the Board of Directors proposed that the remuneration for the members of the audit committee of an annual basic fee of DKK 50,000 and three times the basic fee for the Chairman of the audit committee be maintained.

The proposal was adopted.

#### **Re 4: Resolution on the appropriation of profit or covering of loss according to the approved annual report**

The Board of Directors proposed that the profit for the year of DKK 1,115m be transferred to the Company's reserves to the effect that no dividend should be paid.

The proposal was adopted.

#### **Re 5: 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 general meeting are elected for one-year terms. Peter Foss, Niels B. Christiansen, Benedikte Leroy and Lars Rasmussen stood for re-election. Lars Nørby Johansen did not stand for re-election and, in that connection, the Board of Directors proposed that Niels Jacobsen be elected new member of the Board of Directors.

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

The proposed current candidates were re-elected, and Niels Jacobsen was elected new member.

The Chairman of the meeting further informed the AGM that, in connection with the election of employees in February 2017, the current members of the Board of Directors elected by the employees, Thomas Duer and Ole Lundsgaard, had been re-elected. Member of the Board of Directors elected by the employees, Karin Ubbesen, had resigned from the Board of Directors while Jørgen Nielsen had been elected new member of the Board of Directors elected by the employees.

The Board of Directors now consists of:

- Peter Foss
- Niels B. Christiansen
- Benedikte Leroy
- Lars Rasmussen
- Niels Jacobsen
- Thomas Duer (elected by the employees)
- Ole Lundsgaard (elected by the employees)
- Jørgen Nielsen (elected by the employees)

#### **Re 6: Election of auditor**

The Board of Directors proposed re-election of Deloitte Statsautoriseret Revisionspartnerselskab in accordance with the recommendation of the audit committee. The audit committee had not been influenced by any third parties and had not been subject to any third party agreements limiting the AGM's choice of certain auditors or auditing firms.

The proposal was adopted.

#### **Re 7: Any proposal from the Board of Directors or shareholders**

No shareholders had submitted proposals.

##### **Re 7a) – Reduction of the Company's share capital**

The Board of Directors proposed a reduction of the Company's share capital by DKK 1,423,110 nominal value, divided into 7,115,550 shares of DKK 0.20 each corresponding to the Company's holding of own shares as at 27 February 2017. The Company's holding of own shares was acquired in connection with the Company's share buy-back in 2016 and 2017. The amount of the reduction will be distributed to the shareholders in accordance with section 188 of the Danish Companies Act. The shares were acquired at a total amount of DKK 926,028,672, meaning that DKK 924,605,562 was paid in addition to the nominal amount 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 of the Danish Companies Act to the effect that it would then be stated in Article 4.1 that the Company's share capital is DKK 51,793,255.

The proposal was adopted with the required majority of votes.

##### **Re 7b) – Authorisation to the Board of Directors to allow the Company to acquire own shares**

The Board of Directors proposed that the Board of Directors should be authorised until the next AGM to allow the Company to acquire own shares of a nominal value of up to 10% of the share capital. The purchase price for the shares must not deviate by more than 10% from the price quoted on NASDAQ Copenhagen A/S at the time of the acquisition. The price quoted on NASDAQ Copenhagen A/S at the time of the acquisition means the closing price – all transactions at 5 pm.

The proposal was adopted.

##### **Re 7c) – Amendment to Article 9.2 of the Company's Articles of Association**

The Board of Directors proposed that the last sentence of Article 9.2 of the Articles of Association concerning the way in which ballot papers are provided be deleted so that, for practical reasons, ballot papers are not necessarily provided together with admission cards but, for example, provided at the actual general meeting. As a result thereof, it was proposed that Article 9.2 of the Articles of Association be amended to read as follows:

*“Any shareholder registered as a shareholder in the register of shareholders one week before the general meeting or, at such time, having made a request to the Company for the purpose of being registered in the register of shareholders and such request having reached the Company is entitled to attend and vote at the general meeting. In order to attend the general meeting, shareholders must also have obtained an admission card from the Company no later than three days before the general meeting.”*

The proposal was adopted with the required majority of votes.

#### **Re 7d) – Authority to the Chairman of the AGM**

The Board of Directors proposed that the Chairman 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 8: Any other business**

As no one else wished to take the floor, the Chairman of the meeting concluded that there was no further business to transact and gave the floor to the Chairman of the Board of Directors.

The Chairman of the Board of Directors thanked Niels Jacobsen for his 25 years of work for the Company.

The Chairman of the meeting then gave the floor to Niels Jacobsen, who thanked Lars Nørby Johansen for his 19 years of service on the Board of Directors.

The Chairman of the Board of Directors then closed the meeting by thanking the Chairman of the meeting and the shareholders for attending.

The Chairman of the Board of Directors closed the general meeting at 5.18 pm.

Chairman of the meeting:

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Jesper Schultz Larsen, Attorney-at-Law