

27th April 2022

Notification: Demant announces intention to divest its Hearing Implants business while ensuring lifelong support of existing patients

Dear Customer,

We are writing to inform you that our parent company Demant has decided to discontinue its hearing implants business and as a consequence has negotiated an agreement with the intention to sell Oticon Medical to Cochlear. The transaction follows a review of strategic options for the business area, including how to ensure the best lifelong support of existing patients.

Since the establishment of Oticon Medical in 2007, Demant has invested significantly in implantable solutions for the treatment of hearing loss, and the employees of Oticon Medical have worked tirelessly to bring industry-leading technology to thousands of patients. This has resulted in many major milestones along the way. However, Demant has concluded that the prospect of becoming a global leader in hearing implants is not achievable within a reasonable timeframe without disproportionate levels of investments. In this light, Demant has taken the decision to discontinue its efforts in hearing implants.

As a result, Demant believes it is in the best interest of both patients and the company to sell its Hearing Implants business to Cochlear, which is the global leader in implantable solutions for hearing loss. As part of the transaction, Cochlear has committed to continue servicing existing patients of Oticon Medical now and in the future.

Both Demant and Cochlear announced the agreement today in a release to the stock exchange. In the release, President & CEO of Demant, Søren Nielsen says: "Overcoming the challenges of hearing loss – and living with implant technology to alleviate this – is a life-long journey, and we believe it is best for our patients to continue this journey with Cochlear. We will do everything in our power to ensure minimal implications of the intended divestment for customers and patients as well as the employees of Oticon Medical, who have delivered beyond expectations and are some of the brightest minds in the industry".

Cochlear's CEO & President, Dig Howitt added: "We look forward to welcoming Oticon Medical's entire base of implant customers and patients to the Cochlear family. Driven by our mission to innovate and deliver a lifetime of hearing outcomes, we will seek to ensure that Oticon Medical's customers and patients continue to be supported with a lifetime of hearing solutions. We will work closely with Demant to ensure a seamless transition of the business to Cochlear to ensure continued access to current Oticon Medical technology for customers and patients in the coming years. We will develop next-generation sound processors and services that will enable customers to transition to and benefit from Cochlear's technology platform over time. The acquisition of Oticon Medical will provide us with greater scale and will enable us to increase our investments in R&D and market growth activities."

The intended transaction involves the sale of Oticon Medical, which comprises its cochlear implants (CI) and bone anchored hearing systems (BAHS) product categories. The transaction can only happen, if it is approved by relevant authorities, and if it is approved, the agreement is expected to become final in the second half-year of 2022.

We are truly sorry for any uncertainty or inconvenience this causes you and your patients. You will be contacted by your local Oticon Medical representative as soon as possible with more information. Please rest assured, at Oticon Medical we will continue to do our utmost to service you and your patients in the transition phase. On CI, we will put all our efforts on supporting existing patients with upgrades, accessories, and repairs. On BAHS, we will continue to operate as normal including delivering the newly released Ponto 5 SuperPower. Please contact your usual local Oticon Medical representative for any questions you might have.

We would like to express a heartfelt thank you for your trust in our company, our products, and our people - and for your dedicated support and collaboration over the years. Your Oticon Medical patients will be well taken care of in the future. We remain at your disposition.

Thank you very much for your support.

Kind Regards,

A handwritten signature in blue ink, appearing to read 'Tracey King', is positioned above the typed name.

Tracey King
Business Unit Manager, ANZ
Oticon Medical