

27th April 2022

Notification: Demant announces intention to divest Oticon Medical while ensuring lifelong support of existing patients

Dear User of Oticon Medical products,

We are writing to inform you that our parent company Demant has decided to discontinue its hearing implants business and therefore has negotiated an agreement with the intention to sell Oticon Medical to Cochlear. Today's announcement follows a thorough review including how to ensure the best lifelong support of existing users like yourself or your family member. Until the ownership transfers to Cochlear, we remain at your disposition.

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 you as a patient 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 life-long. Cochlear has committed to seeking to develop products that will be compatible with existing Oticon Medical implants, so a patient will be able to continue to access the new sound processor technology with their existing implant.

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 family. Please rest assured, at Oticon Medical we will continue to do our utmost to service and ensure your continued daily use living with your Oticon Medical solution in the transition phase.

We would like to express a heartfelt thank you for your trust in our company and for choosing our products for your hearing loss. We would also like to thank the huge number of users and relatives who have advocated tirelessly and with great passion for the treatment and for Oticon Medical over the years.

All Oticon Medical users including you or your family member will be well taken care of in the future. If you have questions, you should contact your normal local Oticon Medical contact (customer service) or your normal local professional contact (the clinic).

Thank you very much for your understanding.

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