

Company announcement no 2023-07

20 April 2023

Provisional findings from the UK CMA and update on the divestment of Oticon Medical

Today, the UK Competition and Markets Authority (CMA) has published its Provisional Findings and Notice of Possible Remedies in relation to the contemplated transaction involving the divestment of our Hearing Implants business, Oticon Medical, to Cochlear Limited. In its report, the CMA provisionally concludes that the contemplated transaction may be expected to result in a substantial lessening of competition (SLC) in the supply of bone conduction solutions in the UK.

The CMA will now consult on its provisional findings and consider any further views before issuing its final report, expectedly by 5 June 2023.

Demant will continue, with Cochlear, to engage constructively with the CMA in order to address the concerns raised. We continue to believe it is in the best interest of both patients and the company to divest our 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 servicing existing patients of Oticon Medical now and in the future.

Besides awaiting a final decision by the CMA, the transaction is currently undergoing review by the Australian Competition and Consumer Commission (ACCC) and the European Commission (EC). Also, the transaction is pending clearance under the French Foreign Direct Investment (FDI) rules.

Irrespective of the outcome of the ongoing investigations by competition authorities, we remain committed to our decision to discontinue our Hearing Implants business, as there is no change to our conclusion that the prospect of becoming a global leader in hearing implants is not achievable within a reasonable timeframe without disproportionate levels of investments and significant dilution of the Group's profitability.

In light of the CMA's provisional findings, the transaction is no longer expected to close in Q2 2023, and we are currently not able to provide an updated timeline. Further announcements on the contemplated transaction, including an updated timeline, will be made in due course.

If the transaction has not closed by 31 December 2023, the Group's profit after tax from discontinued operations in 2023 is expected to be negative by DKK 100-200 million (previously negative by around DKK 100 million when assuming closing in Q2 2023). There would be no other impacts on the Group's outlook for 2023.

Further information:

Søren Nielsen, President & CEO
Phone +45 3917 7300
www.demant.com

Other contacts:

René Schneider, CFO
Mathias Holten Møller, Head of Investor Relations
Peter Pudselykke, Investor Relations Officer
Trine Kromann-Mikkelsen, VP Corporate Communication and Sustainability