

ASX Announcement

20 April 2023

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

Cochlear advises that the UK Competition and Markets Authority (CMA) has provisionally found that the proposed acquisition of Oticon Medical, Demant's hearing implants business, may result in a substantial lessening of competition in the supply of bone conduction solutions in the UK. In particular, the CMA asserts that competition between firms supplying bone conduction solutions is critical to driving innovation and that the proposed acquisition could potentially lead to recipients who need hearing implants losing out, with less choice, reduced quality, or higher prices.

Cochlear disagrees with the conclusions drawn by the CMA in the Provisional Findings Report published today. Innovation is at the heart of Cochlear's mission to provide people with a lifetime of hearing solutions. Cochlear has invested over \$2.5 billion in research and development (R&D) since listing and continues to commit to investing around 12% of sales revenue in R&D to improve hearing outcomes and quality of life for recipients, both new and existing. The commitment to innovation and product quality has always been driven by the highest regard for our customers' welfare and the need to provide more people with better hearing solutions.

The vast majority of people who could benefit from a hearing implant are never provided with the opportunity to receive one due to limited awareness of the solution and the prevalence of alternative therapies, including hearing aids. Less than two per cent of the people who could benefit from a bone conduction solution have received one. Our strategy aims to improve awareness of and access to implantable hearing solutions so that more people get access to this intervention.

CEO & President Dig Howitt said, "Our interest in acquiring Oticon Medical is driven by our concern for the 75,000 Oticon Medical implant recipients who may miss out on the lifetime of support needed to maintain and improve their hearing. Demant has been clear about its intent to exit the hearing implants business and approached Cochlear to provide the support required by its recipients. We believe only Cochlear can provide Oticon Medical recipients with that lifetime care, supported by our financial strength, scale, innovation capability and global reach."

The CMA will now invite comment on its provisional findings and potential remedies, and the Inquiry Group has stated that their findings may alter in response to the comments received. The CMA's final report is expected by 5 June 2023.

The acquisition is conditional upon approval from each of the CMA, the Australian Competition and Consumer Commission and the European Commission. Cochlear awaits feedback from the Australian Competition and Consumer Commission and the European Commission as well as the outcome of the review by the French Foreign Direct Investment authority. As a result of the CMA's findings, the transaction is no longer expected to close before 30 June 2023.

Cochlear and Demant will continue to engage constructively with the CMA in order to address the concerns raised in the CMA's provisional findings and to explore ways to provide a lifetime of support to Oticon Medical's recipients.

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This announcement is authorised by the Cochlear Board of Directors.