

ASX Announcement

22 June 2023

Final report from the UK CMA and update on the proposed acquisition of Oticon Medical

Cochlear advises that the UK Competition and Markets Authority (CMA) today published its final report in respect of Cochlear's acquisition of Oticon Medical, Demant's hearing implants business. In its report the CMA concluded that Cochlear's acquisition of Oticon Medical's cochlear implants business (CI business) does not raise competition concerns and is permitted to proceed, subject to the CMA's approval of the terms of all agreements related to the transfer of the CI business to Cochlear.

The CMA concluded that Cochlear's acquisition of Oticon Medical's bone conduction implants business would result in a substantial lessening of competition in the UK and has prohibited Cochlear's acquisition of that part of the Oticon Medical business.

Cochlear and Demant will now pursue a transfer of Oticon Medical's CI business at a zero headline purchase price, completion of which will ensure that Cochlear can provide ongoing support for Oticon Medical's current base of around 20,000 cochlear implant recipients.

Cochlear's CEO & President, Dig Howitt said, "Our strategy aims to improve awareness of and access to implantable hearing solutions so that more people get access to this intervention. With every hearing implant, we begin a lifelong journey with our customers to maintain and improve their hearing. As market leader, Cochlear will seek to ensure Oticon Medical's cochlear implant recipients can continue to access a lifetime of hearing solutions.

"We look forward to welcoming Oticon Medical's cochlear implant customers to the Cochlear family. We will work closely with Demant to ensure a seamless transition, with continued access to current Oticon Medical technology for customers in the coming years. We plan to develop and commercialise next generation sound processors and services that will enable customers to transition to and benefit from Cochlear's technology platform over time.

"We were disappointed to be blocked from acquiring the acoustics business. We will still be able to offer Cochlear's technology to those customers into the future as our Baha sound processors are already compatible with Oticon Medical's Ponto acoustic implants."

Oticon Medical's cochlear implant business is expected to add around \$10 million to annual revenue. The business is currently loss making. The priority post-closing of the transaction will be to determine a plan that returns the business to sustainable profitability as quickly as possible. Integration costs, which include the development of compatible next generation sound processors, are yet to be determined and are currently estimated to be \$30-60 million. Cochlear continues to target a long-term net profit margin of 18%.

The transaction remains conditional on satisfaction of customary closing conditions and receipt of other competition approvals from the Australian Competition and Consumer Commission and the European Commission. The transaction is expected to close by December 2023. Cochlear will not be assuming any liability for issues that may arise from the voluntary field corrective action for Oticon Medical's Neuro Zti cochlear implant announced in October 2021.

1 University Avenue
Macquarie University NSW 2109
AUSTRALIA
www.cochlear.com



For further information, please contact:

Analysts

Kristina Devon
Vice President Investor Relations
Email: kdevon@cochlear.com
Ph: + 61 2 9611 6691

Media

Kirsten Impey
Director Corporate Communications, Awareness & Brand
Email: kimpey@cochlear.com
Ph: +61 2 9611 6210

This announcement is authorised by the Continuous Disclosure Committee.