

Company announcement no 2015-13

29 October 2015

Patent dispute between GN ReSound and Oticon GmbH in Germany

In September and October, GN ReSound filed patent infringement cases against several William Demant companies with the *Landgericht Düsseldorf* in Germany. The merits of the cases concern a method by which a hearing care professional can see how a hearing aid has performed in different environments – a method we estimate is today of limited use by hearing care professionals.

We believe that none of our products infringe the patent in question and that the patent is furthermore invalid due to prior art, including patents owned by William Demant in this field.

Due to an unfortunate misunderstanding, our German attorneys failed on 22 October 2015 to make an appearance at the case management hearing regarding one of these cases and as a result, the merits of the case have not been heard by the court. Consequently, a default judgement was rendered against Oticon GmbH earlier today. The default judgement only relates to Oticon GmbH and not to other William Demant companies in and outside Germany.

The default judgement contains an injunction, prohibiting Oticon GmbH from selling, in Germany, products utilising the above-mentioned method – however subject to GN ReSound's decision as to whether they will enforce the injunction or not. If they choose to enforce it, they will be liable for any of our losses, if the injunction is later overturned.

As this was strictly a procedural mistake due to our German attorneys' failure to respond to the merits of the case, Oticon GmbH has today filed an opposition to resume the case after the default judgement was rendered. Under German law, default cases are resumed after an admissible opposition, and we are therefore certain that the merits of the case will be heard by the court in due course.

The method in question is a dispenser tool and therefore does not as such impact the use of the hearing aid by the end-user. Oticon GmbH can continue to conduct business without using the above-mentioned method, if necessary.

We do not expect this default judgement to impact William Demant's financial results in 2015 and onwards.

Please be advised that William Demant will host a teleconference for analysts and investors today, Thursday, 29 October 2015 at 4:00pm CET. The teleconference will be conducted in English.

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