

**Company announcement** no 2019-13

11 October 2019

**Update on IT infrastructure recovery process**

As previously communicated in Company announcements on 3, 4, 17 and 26 September, the Demant Group experienced a critical incident on 3 September 2019 where its internal IT infrastructure was hit by cyber-crime.

Since the Company announcement issued on 26 September and in line with previously communicated expectations, our IT infrastructure is now normalised, and we have completed the recovery and reactivation of all business-critical systems, applications and servers across all regions and business areas.

In our hearing aid wholesale business, we are producing and distributing at full capacity in line with our plans to accommodate the back-log built up since the incident, rebuild necessary inventories across the supply chain and reduce turnaround times. Our cochlear implants production site in France continues ramping up. Our retail business is fully operational from an IT perspective but is still experiencing a slightly negative effect due to fewer than normal new appointments generated during September.

We maintain our preliminary assessment that the incident will have a total negative financial impact on reported operating profit (EBIT) in 2019 in the range of DKK 550-650 million, which includes the deduction of an expected insurance coverage of approx. DKK 100 million. This impact is predominately related to the estimated lost sales and weakening of growth momentum. Included in the financial impact, we expect to incur costs of DKK 50 million directly related to the incident. Our assessment of the financial impact remains uncertain and is based on the business recovery process continuing according to plans. We maintain our outlook for EBIT for 2019 of DKK 2,000-2,300 million (DKK 2,650-2,850 million pre-IT infrastructure incident).

At this point in time, we cannot estimate the impact on other key figures, but we expect to be able to provide such communication in connection with the Interim Management Statement, which will be published on 18 November 2019 (changed from 7 November 2019). Our share buy-back continues to be temporarily suspended. We have bought back shares worth DKK 580 million in 2019.

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