Medtronic News

Medtronic to acquire wearable insulin patch maker EOFlow

Acquisition will expand company's ability to serve more people living with diabetes around the world within one seamless Medtronic ecosystem of support

DUBLIN and SEONGNAM, South Korea, May 25, 2023 /PRNewswire/ -- Medtronic plc (NYSE:MDT), a global leader in healthcare technology, today announced it has entered into a set of definitive agreements to acquire EOFlow Co. Ltd. (KOSDAQ: 294090), manufacturer of the EOPatch® device — a tubeless, wearable and fully disposable insulin delivery device. The addition of EOFlow, together with Medtronic's Meal Detection Technology™ algorithm and next-generation continuous glucose monitor (CGM), is expected to expand the company's ability to address the needs of more individuals with diabetes, no matter where they are in their treatment journey or preference for how they want their insulin delivered.

"Our goal is to simplify diabetes management and deliver the well-established benefits of automated insulin delivery to our customers in the ways they want and need," said Que Dallara, EVP & President, Medtronic Diabetes. "We're excited to introduce a differentiated wearable patch option to provide more patient choice and drive further innovation for those who want to use technology to make living with diabetes easier. We look forward to expanding our offerings to participate in the patch pump market and enabling those customers access to our seamless ecosystem of support."

The EOPatch® device, which features a proprietary microfluidic technology designed to deliver insulin with high accuracy and reliability while minimizing the risk of insulin occlusion, is authorized for marketing in Europe, South Korea, Indonesia, and the United Arab Emirates with a compatible smartphone application that allows users to monitor and control the patch directly from their phone. Upon closing of the transaction, Medtronic will work quickly to integrate the EOPatch® device with its next-generation sensor and clinically proven Meal Detection Technology™ algorithm currently offered in its MiniMed™ 780G system. With the development and regulatory authorization of the next-generation EOPatch® device, Medtronic customers will have access to a broad range of solutions across smart multiple daily injections (MDI), tethered insulin pumps, and wearable insulin patch technologies leveraging clinically advanced and proven algorithms and seamlessly integrated to a single CGM platform.

"We're thrilled to accelerate our next phase of growth with a partner like Medtronic who shares our goal of simplifying diabetes management to make life easier for the customers we serve," said Jesse J. Kim, CEO and founder of EOFlow. "Together, we'll work to advance innovation in wearable insulin patch technology to expand our reach to more individuals around the world living with diabetes. With a global footprint in over 100 countries, ability to scale up manufacturing quickly, and advanced software and sensor capabilities, Medtronic is the ideal strategic partner for EOFlow."

Transaction Overview

Pursuant to share purchase agreements (SPA) withJesse J. Kim (CEO) and Luis Malave (President), Medtronic will acquire all of their shares in EOFlow at a price per share of KRW 30,000. Pursuant to a share subscription agreement (SSA) with EOFlow, Medtronic will acquire new shares at a price per share of KRW 24,359 to fund EOFlow's ongoing operational and research and development requirements. Medtronic will also undertake a public tender offer to acquire up to all outstanding public shares at a price per share of KRW 30,000. The public tender offer will be subject to a minimum condition such that after the closings under the SPA, SSA and the public tender offer, which will occur on the same day, Medtronic will hold at least a majority of the shares outstanding on a fully diluted basis. With these transactions, Medtronic intends to acquire all outstanding shares in EOFlow and delist the company.

To the extent that all the public shares participate in the tender offer, the total consideration for the acquisition of the shares in EOFlow would be KRW 971 billion, or $738 million, at current exchange rates. The acquisition is expected to close in the

second half of calendar year 2023 subject to the satisfaction of the minimum tender condition and certain customary closing conditions, including receipt of required regulatory clearances**.**

Financial Highlights

Following close, the transaction is expected to be less than 1% dilutive to Medtronic's adjusted earnings per share in each of the first three years, and neutral to accretive thereafter. The anticipated partial year dilution was included in the fiscal year 2024 guidance Medtronic issued on May 25. In addition, EOFlow is expected to be accretive to Medtronic's weighted average market growth rate (WAMGR) and meets Medtronic's long-term financial metrics for acquisitions.

Medtronic's financial advisor for the transaction is JP Morgan Securities LLC, with Kim & Chang and Ropes & Gray LLP acting as legal advisors. EOFlow's financial advisor is Goldman Sachs & Co. LLC, with Bae, Kim & Lee LLC acting as legal advisor.

About EOFlow (www.eoflow.com)

EOFlow Co., Ltd. is a South Korean medical device company founded in 2011 and is headquartered in Seongnam,South Korea, with additional offices inSan Jose, California. EOFlow's flagship product is the EOPatch® device, a wearable insulin patch pump that provides continuous insulin delivery for people with diabetes. The EOPatch® device is designed to be discreet and easy to use, with a slim profile and a fully disposable patch that can be worn on various parts of the body.

About Medtronic Diabetes (www.medtronicdiabetes.com)

Medtronic Diabetes is on a mission to alleviate the burden of diabetes by empowering individuals to live life on their terms, with the most advanced diabetes technology and always-on support when and how they need it. We've pioneered first-of-its-kind innovations for over 40 years and are committed to designing the future of diabetes management through next-generation sensors (CGM), intelligent dosing systems, and the power of data science and AI while always putting the customer experience at the forefront.

About Medtronic

Bold thinking. Bolder actions. We are Medtronic. Medtronic plc, headquartered inDublin, Ireland, is the leading global healthcare technology company that boldly attacks the most challenging health problems facing humanity by searching out and finding solutions. Our Mission — to alleviate pain, restore health, and extend life — unites a global team of 90,000+ passionate people across more than 150 countries. Our technologies and therapies treat 70 health conditions and include cardiac devices, surgical robotics, insulin pumps, surgical tools, patient monitoring systems, and more. Powered by our diverse knowledge, insatiable curiosity, and desire to help all those who need it, we deliver innovative technologies that transform the lives of two people every second, every hour, every day. Expect more from us as we empower insight-driven care, experiences that put people first, and better outcomes for our world. In everything we do, we are engineering the extraordinary. For more information on Medtronic (NYSE:MDT), visit www.Medtronic.com and follow @Medtronic on Twitter and LinkedIn.

Any forward-looking statements are subject to risks and uncertainties such as those described in Medtronic's periodic reports on file with the Securities and Exchange Commission. Actual results may differ materially from anticipated results.

EOPatch® is a registered trademark of EOFlow Co., Ltd.

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