



Sonion Holding A/S

Betonvej 10, 4000 Roskilde

Central Business Registration Number 39 18 68 37

Annual report 2021

The Annual General Meeting adopted the annual report on ~~19.04.2022~~

Chairman of the General Meeting

May 10, 2022

A handwritten signature in blue ink, consisting of a large, stylized initial 'M' followed by a long, horizontal stroke that tapers to the right.

Mette Boje-Larsen

Sonion Holding A/S

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Sonion Holding A/S

Entity details

Entity

Sonion Holding A/S
Betonvej 10
4000 Roskilde

Central Business Registration No: 39186837
Registered in: Roskilde
Financial year: 01.01.2021 - 31.12.2021

Phone: +4546306666

Board of Directors

Walther Thygesen, Chairman
Christian Salling
Jesper Mailind
Peter Ulrik Scheel
Claus Steensen Sølje
Peter Erik Stanislaus Andén
Verena Vescoli
Petrus Antonius Johannes Coelewij

Executive Board

Christian Johannes Gellert Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Sonion Holding A/S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Sonion Holding A/S for the financial year 01.01.2021 - 31.12.2021.

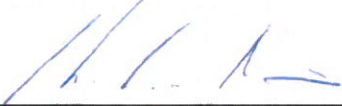
The annual report is presented in accordance with the Danish Financial Statements Act. In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Roskilde, 22.03.2022

Executive Board



Christian Johannes Gellert Nielsen

Board of Directors



Walther Thygesen

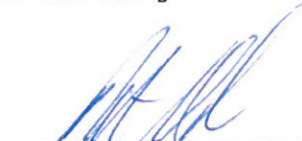
Chairman



Christian Salling



Jesper Mailind



Peter Ulrik Scheel



Claus Steensen Sølje



Peter Erik Stanislaus Andén



Verena Vescoli

DocuSigned by:



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Petrus Antonius Johannes Coelewij

Sonion Holding A/S

Independent auditor's report

To the shareholders of Sonion Holding A/S

Opinion

We have audited the financial statements of Sonion Holding A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the financial statements* section of this auditor's report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Sonion Holding A/S

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

Sonion Holding A/S

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 22.03.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556



Kim Takata Mücke
State Authorised Public Accountant
mne10944



Henrik Wolff Mikkelsen
State Authorised Public Accountant
mne33747

Sonion Holding A/S

Management commentary

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------|---------|---------|---------|---------|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Financial highlights | | | | | |
| Gross profit | 0 | 0 | 0 | 0 | 0 |
| Operating profit | -2,019 | -1,710 | -1,997 | -1,191 | 0 |
| Net financials | 4,550 | -9,443 | -2,894 | -1,267 | 0 |
| Profit/loss for the year | 72,757 | 19,761 | -3,845 | -1,929 | 0 |
| Total assets | 678,416 | 760,168 | 758,649 | 389,689 | 389,078 |
| Investments in property, plant and equipment | 0 | 0 | 0 | 0 | 0 |
| Equity | 419,863 | 347,212 | 328,272 | 341,933 | 385,000 |
| Employees in average | 1 | 1 | 1 | 1 | 1 |
| Ratios | | | | | |
| Return on equity (%) | 19.0 | 5.9 | -1.1 | -0.5 | 0.0 |
| Return on assets (%) | 61.9 | 45.7 | 43.3 | 87.7 | 99.0 |

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts.

| Ratios | Calculation formula | Explanation |
|----------------------|--|---|
| Return on equity (%) | $\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$ | The Company's return on capital invested in the Company by the owner. |
| Equity ratio (%) | $\frac{\text{Equity} \times 100}{\text{Total assets}}$ | The financial strength of the Company. |

Sonion Holding A/S

Management commentary

Primary activities

The primary activity of the Company is to act as a holding company.

At group level we are a global leader within sales and development of advanced microacoustic and micro mechanical components as well as cost-efficient production. We combine our audiological expertise with our substantial experience in low-cost production areas.

In 2021, we successfully continued our strategy aimed at servicing the hearing health industry with innovative technologies and solutions and we now have an even stronger platform.

In recent years, we have made an expansion of our R&D capacity and we have made investments in production expansions. These actions have taken place to meet the demand there is in the market for our innovative products.

For 2021 we have seen that these investments continue to provide a satisfactory yield taking Covid-19 into consideration. Our customers have shown great interest in the many products we have introduced in the recent years and we have similar high expectations for our 2022 launches. Our quality, delivery performance and production efficiency have been at a high satisfactory level, which means that we have been able to meet our customers' expectations.

We feel strongly positioned to capitalise on the possibilities we see in our market and we thus expect to realize growth in 2022.

Development in activities and finances

Sonion Group realised a revenue increase of 9% compared to 2020. During third quarter of 2021 the sales drop significantly with 20% compared to third quarter of 2020 due to restrictions imposed in Vietnam caused by Covid-19. The Hearing Health industry partly recovered during fourth quarter.

The Company's results and financial development are considered satisfactory.

Profit from operating activities

Operating profit amounts to USD -2.0 million, which is a decrease of USD 0.3 million compared to 2020.

Financial income and expenses

Net interest expenses decreased USD 5.0 million compared to 2020.

A dividend of USD 136.2 million was received from one of the Group enterprises. This resulted in a reduction of the net realizable value of the Group enterprise of USD 80.6 million.

Sonion Holding A/S

Management commentary

Balance sheet

The total assets at the end of 2021 showed an amount of USD 678 million equivalent to a decrease of USD 82 million compared to 2020.

Risks

Sonion Holding A/S is committed to a high standard of business conduct and rational management of our risks in order to protect the Company's assets, secure shareholder investments and comply with applicable laws. Sonion Holding A/S follows the Group's risk management program.

Statutory report on corporate social responsibility

The Group has chosen to publish the statutory report on corporate social responsibility on the Company's website. Please use the following URL:

<http://www.sonion.com/wp/about/csr/>

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Outlook

We expect the hearing instrument market to continue its long-term volume growth rates of approximately 5-7% in 2022.

Based on the underlying increase in the market for hearing aids, combined with a very positive customer feedback of new product launches, the Group expects to continue its growth in 2022. Compared to 2021, a growth of around 5% is expected. The expectations for 2022 are subject to a relatively higher uncertainty than usual due to the Covid-19 situation.

Sonion Holding A/S

Income statement for 2021

| | Notes | 2021 USD'000 | 2020 USD'000 |
|--|--------------|-------------------------------|-------------------------------|
| Administrative costs | | -2,019 | -1,710 |
| Operating profit/loss | | -2,019 | -1,710 |
| Income from investments in group enterprises | 6 | 158,465 | 28,453 |
| Write-down of investments in group enterprises | 6 | -80,584 | 0 |
| Other financial income | 3 | 2 | 73 |
| Other financial expenses | 4 | -4,548 | -9,516 |
| Profit/loss before tax | | 71,316 | 17,300 |
| Tax on profit/loss for the year | 5 | 1,441 | 2,461 |
| Profit/loss for the year | | 72,757 | 19,761 |
| Proposed distribution of profit/loss | | | |
| Dividend for the financial year | | 0 | 0 |
| Brought forward to next year | | 72,757 | 19,761 |
| | | 72,757 | 19,761 |

Sonion Holding A/S

Balance sheet at 31.12.2021

| | | 2021 | 2020 |
|--|--------------|----------------|----------------|
| | <u>Notes</u> | <u>USD'000</u> | <u>USD'000</u> |
| Assets | | | |
| Investments in group enterprises | | 676,974 | 757,558 |
| Financial assets | 6 | <u>676,974</u> | <u>757,558</u> |
| Fixed assets | | | |
| | | <u>676,974</u> | <u>757,558</u> |
| Deferred tax asset | 7 | 139 | 1 |
| Income tax receivable | | 1,303 | 2,597 |
| Receivables | | <u>1,442</u> | <u>2,598</u> |
| Cash | | <u>0</u> | <u>12</u> |
| Current assets | | <u>1,442</u> | <u>2,610</u> |
| Assets | | | |
| | | <u>678,416</u> | <u>760,168</u> |
| Equity and liabilities | | | |
| Share capital | 8 | 1,710 | 1,710 |
| Retained earnings | | 418,153 | 345,502 |
| Proposed dividend | | 0 | 0 |
| Equity | | <u>419,863</u> | <u>347,212</u> |
| Bank debt | | 42 | 0 |
| Payables to group enterprises | | 257,792 | 412,662 |
| Other payables | | 719 | 294 |
| Current liabilities other than provisions | | <u>258,553</u> | <u>412,956</u> |
| Liabilities other than provisions | | <u>258,553</u> | <u>412,956</u> |
| Equity and liabilities | | | |
| | | <u>678,416</u> | <u>760,168</u> |
| Primary activities | 1 | | |
| Staff costs | 2 | | |
| Related parties with controlling interest | 9 | | |
| Group relations | 10 | | |
| Group consolidated financial statement | 11 | | |
| Contingent liabilities | 12 | | |

Sonion Holding A/S

Statement of changes in equity for 2021

| | Share capital USD'000 | Share premium USD'000 | Retained earnings USD'000 | Proposed dividend USD'000 | Total USD'000 |
|-------------------------------------|--------------------------------------|--------------------------------------|--|--|--------------------------|
| Equity beginning of year | 1,710 | 0 | 345,502 | 0 | 347,212 |
| Purchase of own shares and warrants | 0 | 0 | -106 | 0 | -106 |
| Profit/loss for the year | 0 | 0 | 72,757 | 0 | 72,757 |
| Equity end of year | 1,710 | 0 | 418,153 | 0 | 419,863 |

Sonion Holding A/S

Notes

1. Primary activities

The primary activity of the Company is to act as a holding company.

2. Staff costs

The company has one employee (2020: one).

3. Other financial income

Exchange rate adjustments

| | 2021 USD'000 | 2020 USD'000 |
|--|-----------------|-----------------|
| | 2 | 73 |
| | 2 | 73 |

4. Other financial expenses

Financial expenses to group enterprises

Interest expenses

| | | |
|--|--------------|--------------|
| | 4,548 | 9,515 |
| | 0 | 1 |
| | 4,548 | 9,516 |

5. Tax on profit/loss for the year

Tax on current year taxable income

Change in deferred tax for the year

Adjustment concerning previous years

| | | |
|--|--------------|--------------|
| | 1,303 | 2,597 |
| | 138 | -147 |
| | 0 | 11 |
| | 1,441 | 2,461 |

Investments in group enterprises USD '000

6. Fixed asset investments

Cost beginning of year

Cost end of year

| | |
|--|---------|
| | 757,558 |
| | 757,558 |

Write-down beginning of year

Write-down for the year

Write-down end of year

| | |
|--|---------|
| | 0 |
| | -80,584 |
| | -80,584 |

Carrying amount end of year

676,974

A dividend of USD 136.2 million was received from one of the Group enterprises. This resulted in a reduction of the net realizable value of the Group enterprise of USD 80.6 million.

Sonion Holding A/S

Notes

Subsidiaries, all amounts in USD'000.

| Name | Country | Type | Ownership | Result | Equity |
|----------------------|-----------------|---------|-----------|--------|---------|
| Sonion A/S | Denmark | Company | 100% | -3,370 | 51,263 |
| Sonion Nederland B.V | The Netherlands | Company | 100% | 6,344 | 8,988 |
| Sonion US, Inc. | USA | Company | 100% | 51 | 1,538 |
| Xilco (CH) AG | Switzerland | Company | 100% | -650 | 151,792 |

USD'000

7. Deferred tax**Changes during the year**

| | |
|------------------------------------|------------|
| Beginning of year | 1 |
| Recognised in the income statement | 138 |
| End of year | 139 |

8. Contributed capital

The contributed capital consists of 10.687.263 shares of nominally DKK 1 each.

9. Related parties with controlling interest

Related parties with a controlling interest:

| Name | Registered office | Basis of influence |
|---------------------|-------------------|--------------------|
| Novo Nordisk Fonden | Hellerup, Denmark | Ultimate owner |

10. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Novo Nordisk Fonden, Hellerup, Denmark.

Transactions with related parties were completed in accordance with the arms-length principle.

11. Group consolidated financial statement

As the Company and its subsidiaries are a part of the Novo Nordisk Fonden consolidated financial statement, the Company has not prepared consolidated financial statements.

12. Contingent liabilities

A subsidiary of Sonion Holding A/S obtained a loan and a credit line from a third-party in the amount of USD 455 million. Sonion Holding A/S is a guarantor of the loan.

The Company participates in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc. for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Sonion Holding A/S

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium size).

The accounting policies applied to these financial statements are consistent with those applied last year.

The financial statements is presented in USD, which is the functional currency of the Company. The DKK average exchange rate against USD applied is 6.5612 for 2021 and 6.0576 for 2020.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Sonion Holding A/S

Accounting policies

Income statement

Administrative costs

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is part of joint taxation. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other debts

Debts are measured at amortised cost, substantially corresponding to nominal value.