



Sonion Holding A/S

Betonvej 10, 4000 Roskilde

Central Business Registration Number 39 18 68 37

Annual report 2023

The Annual General Meeting adopted the annual report on ~~24.04.2024~~ ^{17.5.2024}

Chairman of the General Meeting



Mette Boje-Larsen

Contents

	<u>Page</u>
Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Income statement for 2023	10
Balance sheet at 31.12.2023	11
Statement of changes in equity for 2023	12
Notes	13
Accounting policies	15

Entity details

Entity

Sonion Holding A/S
Betonvej 10
4000 Roskilde

Central Business Registration No: 39186837
Registered in: Roskilde
Financial year: 01.01.2023 - 31.12.2023

Phone: +4546306666

Board of Directors

Petrus Antonius Johannes Coelewij, chairman
Christian Salling
Peter Ulrik Scheel
Claus Steensen Sølje
Verena Vescoli
Mikael Worning
Henrik Kjær Hansen
Louise Marie Janssen-Counotte

Executive Board

Christian Johannes Gellert Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen 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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.






Copenhagen, 12.03.2024

Executive Board



Christian Johannes Gellert Nielsen

Board of Directors


Petrus Antonius Johannes Coelewijn
Chairman
Peter Ulrik Scheel
Verena Vescoli
Henrik Kjær Hansen
Christian Salling
Claus Steensen Sølje
Mikael Worning
Louise Marie Janssen-Counotte

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 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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

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.

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, 12.03.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Henrik Wolff Mikkelsen

State Authorised Public Accountant

mne33747

Management commentary

	2023	2022	2021	2020	2019
Financial highlights					
Gross profit	0	0	0	0	0
Operating profit	-1.427	-1.277	-2.019	-1.710	-1.997
Net financials	-24.605	-7.269	4.550	-9.443	-2.894
Profit/loss for the year	57.554	-777	72.757	19.761	-3.845
Total assets	731.752	679.220	678.416	760.168	758.649
Investments in property, plant and equipment	0	0	0	0	0
Equity	224.514	421.854	419.863	347.212	328.272
Employees in average	1	1	1	1	1
Ratios					
Return on equity (%)	17,8	-0,2	19,0	5,9	-1,1
Equity ratio (%)	30,7	62,1	61,9	45,7	43,3

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.

Management commentary

Primary activities

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

The Sonion Group is 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 2023, 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 focused 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 2023 we have seen that these investments continue to provide a satisfactory yield. Our customers have shown great interest in the many products we have introduced in the recent years and we have similar expectations for our 2024 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 2024.

Development in activities and finances

The Sonion Group realised a revenue decline of 1% compared to 2022.

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

Profit from operating activities

Operating profit amounts to USD -1.4 million, which is a decrease of USD 0.1 million compared to 2022.

Financial income and expenses

During 2023 a dividend of USD 29.2 million was received from one of the Group enterprises.

A write-down recognized in 2021 has been partly reversed in 2023 (USD 48.7 million) due to improved financial performance and outlook.

Management commentary

Balance sheet

The total assets at the end of 2023 showed an amount of USD 732 million equivalent to an increase of USD 53 million compared to 2022.

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 ESG on the Company's website. Please use the following URL:

<https://www.sonion.com/about/esg/>

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 grow in line with the historical long-term annual volume growth rates of approximately 5%.

Based on the underlying increase in the market for hearing aids, combined with very positive customer feedback of new product launches, the Group expects to grow in 2024.

Compared to 2023, a growth above market is expected. The expectations of a 10% growth for 2024 are subject to a relatively higher uncertainty than usual due to the soft markets of 2023.

Income statement for 2023

	Notes	2023 USD'000	2022 USD'000
Administrative costs		-1.427	-1.277
Operating profit/loss		-1.427	-1.277
Income from investments in group enterprises	6	29.198	5.891
Reverse of write-down of investments in group enterprises	6	48.666	0
Other financial income	3	24	22
Other financial expenses	4	-24.629	-7.291
Profit/loss before tax		51.832	-2.655
Tax on profit/loss for the year	5	5.722	1.878
Profit/loss for the year		57.554	-777
Proposed distribution of profit/loss			
Dividend for the financial year		50.000	250.000
Brought forward to next year		7.554	-250.777
		57.554	-777

Balance sheet at 31.12.2023

		2023	2022
	Notes	USD'000	USD'000
Assets			
Investments in group enterprises		725.640	676.974
Financial assets	6	725.640	676.974
Fixed assets		725.640	676.974
Deferred tax asset	7	149	124
Income tax receivable		5.686	2.103
Other receivables		1	14
Receivables		5.836	2.241
Cash		276	5
Current assets		6.112	2.246
Assets		731.752	679.220
Equity and liabilities			
Share capital	8	1.710	1.710
Retained earnings		172.804	170.144
Proposed dividend		50.000	250.000
Equity		224.514	421.854
Bank debt		0	19
Payables to group enterprises		506.512	256.742
Other payables		726	605
Current liabilities other than provisions		507.238	257.366
Liabilities other than provisions		507.238	257.366
Equity and liabilities		731.752	679.220
Primary activities	1		
Staff costs	2		
Related parties with controlling interest	9		
Group relations	10		
Group consolidated financial statement	11		
Contingent liabilities	12		

Statement of changes in equity for 2023

	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	170.144	250.000	421.854
Dividend paid	0	0	0	-130.000	-130.000
Sale and purchase of own shares and warrants	0	0	106	0	106
Extraordinary dividend paid	0	0	-5.000	-120.000	-125.000
Profit/loss for the year	0	0	7.554	50.000	57.554
Equity end of year	1.710	0	172.804	50.000	224.514

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 (2022: one).

	2023	2022
	USD'000	USD'000
3. Other financial income		
Interest income	24	1
Exchange rate adjustments	0	21
	24	22
4. Other financial expenses		
Financial expenses to group enterprises	24.418	7.290
Exchange rate adjustments	209	0
Other fees and charges	2	1
	24.629	7.291
5. Tax on profit/loss for the year		
Tax on current year taxable income	5.697	1.893
Change in deferred tax for the year	25	-15
Adjustment concerning previous years	0	0
	5.722	1.878
6. Fixed asset investments		
Cost beginning of year		757.558
Cost end of year		757.558
Write-down beginning of year		-80.584
Reversal for the year		48.666
Write-down end of year		-31.918
Carrying amount end of year		725.640

**Investments
in group
enterprises
USD '000**

Notes

Subsidiaries, all amounts in USD'000.

Name	Country	Type	Ownership	Result	Equity
Sonion A/S	Denmark	Company	100%	2.913	55.052
Sonion Nederland B.V	The Netherlands	Company	100%	29.991	32.853
Sonion US, Inc.	USA	Company	100%	137	1.678
Xilco (CH) AG	Switzerland	Company	100%	8.994	160.736

USD'000

7. Deferred tax

Changes during the year

Beginning of year	124
Recognised in the income statement	25
End of year	149

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 500 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.

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 6.745 for 2023 and 6.972 for 2022.

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.

Accounting policies

Income statement

Administrative costs comprise expenses incurred for the Company's administrative functions.

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

Financial assets

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

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.

Sonion Holding A/S, Betonvej 10, DK-4000 Roskilde, Denmark