MITIGATE YOUR RISK

10 50 80 100

| High | Medium | Low |

Risk Score	**75**
Risk Conclusion	**Medium Risk**

This report is a risk scoring that gives you insides of your supplier's viability in terms of liquidity, profitability, and financial leverage. It also contains explanations to all key performance indicators. Having this on hand you can consult your supplier on where to improve.

You could even work with your supplier's controllers department entering the data directly. In this case you gain efficiency because the one created the financial statements, is most probably the fastest in entering it. Your supplier can share the output report with other business partners, and any investor.

Please keep in mind that this is a recommendation only, based on the entered information. It is not a decision. This report intends to support a decision only. The decision maker requires to review if the entries are made correctly by comparing this report against your original financial statements. Subsequently, this person must have the authority to makes the decision.

The report is structured in these sections

- Balance Sheet
- Profit & Loss Statement
- Risk Scoring Results
- Definitions
- Terms & Conditions
- Invoice

WE WISH YOU LOTS OF SUCCESS IN YOUR BUSINESS.

EMERALD RATING GMBH, BÜGELHOF 14, CH-8862 SCHÜBELBACH, SWITZERLAND
INFO@EMERALDRATING.COM

CONCLUSION

Overall risk score is 75, which is medium risk in the upper quartile to low risk starting with 80.

Profitability is excellent and liquidity and financial leverage balance with room for pulling additional debt in turbulent times.

Environement risk is balancd.

ESG research did not come up with negative information. Positive is that Sonova published a Corporate Social Responsibility report.

Share price is slightly overvalued, which results from investors changing portfolio structure to ESG driven companies that are outperforming.

GENERAL INFORMATION

Sonova, headquartered in Stäfa, Switzerland, is a leading provider of innovative hearing care solutions. The group operates through its core business brands Phonak, Unitron, Hansaton, Advanced Bionics and AudioNova. They reach their consumers through multiple channels; this diversity lets them benefit from our broad range of solutions – hearing aids, cochlear implants, wireless communication products, digital solutions, and professional audiological care – in the way that best suits their individual needs.

Founded in 1947, the group is currently present in over 100 countries across the globe, has a workforce of over 15,000 dedicated employees and generated sales of CHF 2.92 billion in the financial year 2019/20 as well as a net profit of CHF 490 million.. Across all businesses Sonova pursues its vision of a world where everyone enjoys the delight of hearing and therefore lives a life without limitations.

ESG

No negative entries through Google search

Sonova published Corporate Social Responsibility Report (positive)

https://www.sonovahearing.com/sites/default/files/sonova_csr_report_2016_17_0.pdf

SHARE PRICE

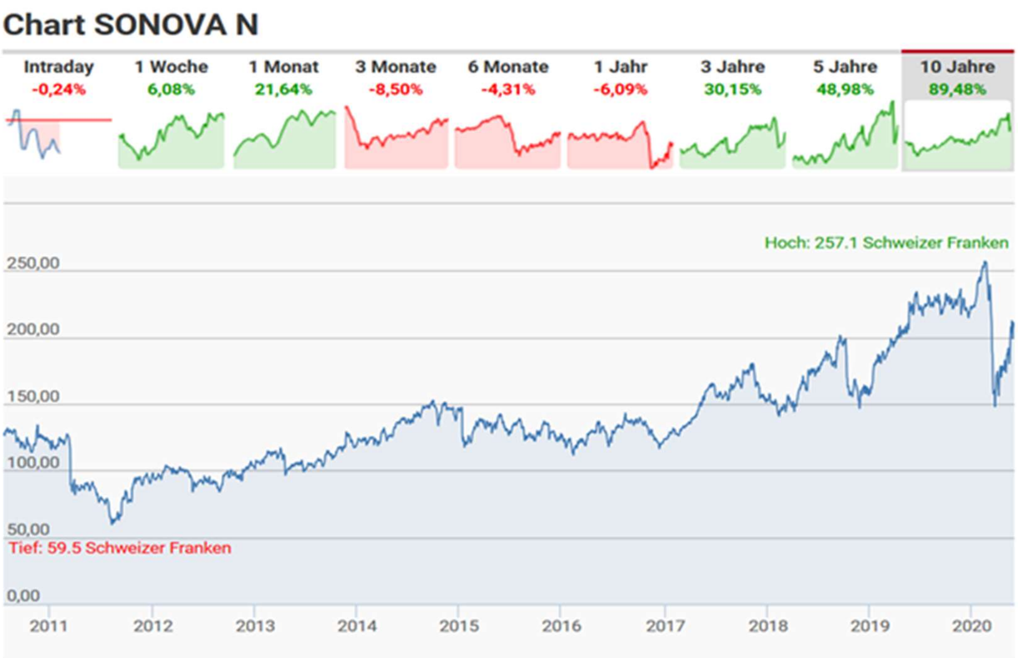
Chart SONOVA N
Intraday
-0,24%
1 Woche
6,08%
1 Monat
21,64%
3 Monate
-8,50%
6 Monate
-4,31%
1 Jahr
-6,09%
3 Jahre
30,15%
5 Jahre
48,98%
10 Jahre
89,48%
Hoch: 257.1 Schweizer Franken
Tief: 59.5 Schweizer Franken
250,00
200,00
150,00
100,00
50,00
0,00
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020

Balance Sheet

	March 2020	March 2019
Cash and Cash Equivalents	450	375
Accounts Receivable - Trade	382	521
Accounts Receivable - Intercomany		
Accounts Receivable - Other	7	11
Accounts Receivable	389	532
Inventories	265	282
Prepaid Expenses		
Other Current Assets	117	123
Current Assets	1,221	1,312
Fixed Assets	333	325
Intangible Assets	2,420	2,463
Other Non-Current Assets	512	193
Non-Current Assets	3,265	2,981
Total Assets	4,486	4,293

Common Stock	3	3
Additional Paid-In Capital		
Retained Earnings	2,465	2,518
Other Equity	-439	-145
Equity	2,029	2,376
Short Term Debt	255	256
Accounts Payable - Trade	104	103
Accounts Payable - Intercompany		
Accounts Payable - Other		
Tax Payables	155	139
Deferred Tax Assets	125	139
Accrued Expenses		
Other Current Liabilities	589	532
Current Liabilities	1,228	1,169
Long-Term Debt	592	373
Long-Term Debt - Intercompany		
Long-Term Leases		
Pension Plan Reserves		
Other Non-Current Liabilities	637	375
Non-Current Liabilities	1,229	748
Total Eqiutiy and Liabilities	4,486	4,293

PROFIT & LOSS STATEMENT

	2020	2019
Net Sales	2,917	2,763
Cost of Goods Sold	833	797
Gross Margin	2,084	1,966
Sales & Marketing Expenses	1,074	1,016
Administration Expenses	309	269
Research & Development Expenses	167	149
Other Operating Expense	23	
Other Operating Income		-4
Income from shares and loans	-2	-2
Other interest income and similar income	-3	-3
Interest expense and similar expense	13	12
Operating Income	503	529
Extraordinary Gain/ Loss (e.g. asset sales)		
Extraordinary Result	0	0
Income tax	13	69
Other tax		
Net Profit After Tax	490	460
Depreciation & Amortization	200	128
EBITDA	716	669
EBIT	516	541

RISK SCORING RESULTS

Financial Statement Risk Evaluation	Ratio	Score
Financial Leverage	0.55	50
Dynamic Financial Leverage	0.42	90
Leverage Score		**70**
Interest Coverage	41.00	100
Operating Cash Flow - Current Liabilities Ratio	0.84	90
Current Ratio	0.99	60
Quick Ratio	0.78	60
Liquidity Score		**78**
Operating Profit Margin	0.18	90
Return on Assets	0.11	70
Profitability Score		**80**
Financial Statement Risk Score		**76**

Environment Risk Evaluation	Input	Score
Country Risk	A	80
Industry Risk	A	80
Organization Type	parent company	60
Years in Business	> 50 years	90
Geographic Coverage	Global Player	100
Business Diversification	one market - many customers	30
Environment Risk Score		**73**

Credit Risk Score	**75**
Credit Risk Conclusion	**Medium Risk**
maximum Credit Limit in USD	**1,420,300,000**

Going-Concern-Value in USD	**4,847,500,000**
Market Capitalization in USD	**13,717,000,000**
Market Cap/ GCV	**3**

DEFINITIONS

Financial Statement Risk Evaluation		
	Financial Leverage	= Liabilities / Assets
	Dynamic Financial Leverage	= Operating Cash Flow / Total Debt (excluding Pension Plan Reserves)
Leverage Score		
	Interest Coverage	= (EBIT - Inventory Changes in Finished Goods) / Interest Expenses
	Operating Cash Flow - Current Liabilities Ratio	= Operating Cash Flow / Current Liabilities
	Current Ratio	= Current Assets / Current Liabilities
	Quick Ratio	= (Current Assets - Inventories) / Current Liabilities
Liquidity Score		
	Operating Profit Margin	= (Operating Income - Inventory Changes in Finished Goods) / Net Sales
	Return on Assets	= Net Profit After Tax / Total Assets
Profitability Score		

Environment Risk Evaluation		
	Country Risk	In dependence on Euler Hermes Rating definitions
	Industry Risk	In dependence on Euler Hermes Rating definitions
	Organization Type	The logic in the ranking is that it is least likely that states go bankrupt. That's why it has the lowest credit default risk. Private companies whose owners are liable with their private capital will act much more risk averse that managers in limited companies. If the limited company is part of a group, then there is a higher market power and chance to survive. Subsidiaries will be able to receive financial support from the parent company. Non-profit organizations are not pressured by market forces and their financing is different. This is the reason why the credit default risk is lower.
	Years in Business	The number of year in business indicates the quality of the business as well as the quality if the management to survive at the market in the long run.
	Geographic Coverage	As higher the revenue is made abroad and this is diversified to various countries, the dependency to geographical markets and their turbulences is reduced. This is called natural hedging as well.
	Business Diversification	Similar to the business diversification it is risk reducing from a Portfolio theory perspective if the player is not putting all its efforts on one market. This is valid for geographical markets and number of customers as well. Concentration builds dependencies, which can promise high rates of return but also bring high risks. If the project is unsuccessful the company can struggle to survive.