

# Envoy Medical, Inc.

*Reports Q1 results. Acclaim CI trial progress to be strong catalysts for stock over the next year. Raising P/T to \$9.50.*

## COMPANY UPDATE

### Rating: BUY

Ticker: COCH

Price: \$1.63

Target: \$9.50  
(from \$9.25)

**Reports Q1 results:** Envoy recently (on May 1) reported its fiscal Q1 2025 (ending March) results. Revenue was ~\$0 million, compared to our and consensus estimates of \$0.1 million. Net loss was \$6.2 million or EPS of \$(0.29), which compared with our estimates of \$(0.30) and consensus of \$(0.34). There was no Q1 guidance. Envoy is an early/clinical/commercialization stage medical device development company so it generates minimal revenue.

**No guidance:** Management did not provide forward guidance, but we believe ~\$5 million to be a reasonable near term quarterly cash burn rate.

**Adjusting estimates:** We are maintaining our 2025 revenue estimates of \$0.2 million, but adjusting it for EPS to \$(1.21) from \$(1.20).

**Acclaim CI:** Envoy has developed the Acclaim CI, a fully implanted cochlear implant. The Acclaim CI does not have the need for any external component to be worn on the ear. The Acclaim CI is designed to address severe to profound sensorineural hearing loss that is not adequately addressed by hearing aids.

**Large market potential:** According to the National Center for Health Statistics, hearing loss impacts about 15% of the adult population in the U.S. Among older adults, nearly 25% of people aged 65 to 74 have disabling hearing loss, and 50% of those aged 75 and older have disabling hearing loss, according to the National Institute on Deafness and Other Communications Disorders.

**Acclaim CI market potential:** The company believes there is a significant population of adults in the U.S. who are cochlear implant candidates but choose not to get the therapy because of the external component required for daily hearing. The company believes there will be ~25,000 - 30,000 adults implanted with a cochlear implant in the U.S. every year by 2026, representing an annual market opportunity that exceeds \$750 million. ~50% of the hearing device market is international, so that offers significant opportunity for expansion.

**Recent IDE approval:** In November, the Acclaim CI received approval for its IDE (investigational device exemption) application with the FDA to begin clinical testing. The Acclaim already has three EFS (early feasibility study) participants (enrolled and device implanted at the Mayo Clinic in Rochester, MN in Q4 2022).

**Solid start of trial:** To date, the 10 participants in the Pivotal Clinical Trial's first stage have been enrolled, implanted, and have been activated.

**Potential 2027 FDA approval:** The company believes its pivotal clinical trial will require ~50 to 60 patients and take about a year and the company anticipates the potential to obtaining FDA approval in 2027.

**Esteem:** The company's first commercial product, the Esteem Fully Implanted Active Middle Ear Implant ("Esteem FI-AMEI"), is a fully implanted active middle ear hearing device. The Esteem FI-AMEI was approved for sale in 2010 by the U.S. FDA (Food and Drug Administration).

**CFO leave:** In May, David Wells stepped down as CFO. CEO Brent Lucas will serve as interim CFO until a replacement is appointed.

**Positive high risks versus high rewards:** Overall, concerns outweighed by growth prospects and valuation. Envoy Medical's 2 devices still have long development and/or commercialization roads left and the high risks of clinical trials or commercial failures, but we believe the ~billion dollars market potential presents high rewards for the risks.

**Current valuation attractive:** We are maintaining our BUY rating, but raising our 12-month price target to \$9.50 from \$9.25, based on a NPV analysis, representing significant upside from the current share price. We believe this valuation fairly balances out the high risks with large upside opportunities.

### Company Description

Based in White Bear Lake, MN, Envoy Medical is a hearing health company focused on providing innovative medical technologies for hearing loss.

### Stock Data

Exchange:	NasdaqCM
52-week Range:	1.21 – 3.99
Shares Outstanding (million):	21
Market cap (\$million):	\$34
EV (\$million):	\$52
Debt (\$million):	\$23
Cash (\$million):	\$5
Avg. Daily Trading Vol. (\$million):	\$0.2
Float (million shares):	11
Short Interest (million shares):	~0
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	2025E (Cur.)	2025E (Old)	2026E (Cur.)	2026E (Old)
Q1 Mar	0.0A	0.1E	0.1E	
Q2 Jun	0.0E	0.1E	0.1E	
Q3 Sep	0.1E		0.1E	
Q4 Dec	0.1E		0.1E	
Total	0.2E		0.2E	0.3E
EV/Revs	N/A		N/A	

### Earnings per Share (pro forma)

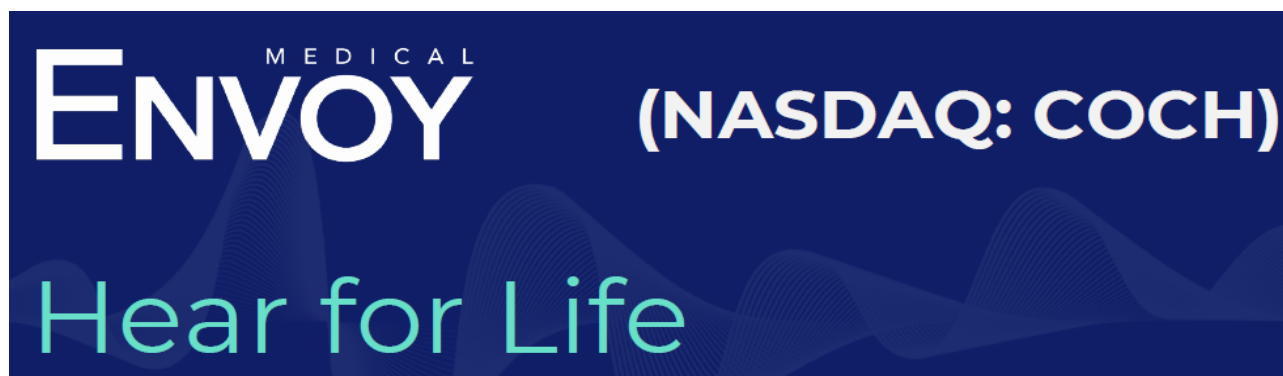
	2025E (Cur.)	2025E (Old)	2026E (Cur.)	2026E (Old)
Q1 Mar	(0.29)A	(0.30)E	(0.30)E	
Q2 Jun	(0.30)E		(0.30)E	(0.29)E
Q3 Sep	(0.30)E		(0.29)E	
Q4 Dec	0.32E	0.31E	0.29E	0.28E
Total	(1.21)E	(1.20)E	(1.18)E	(1.17)E
P/E	N/A		N/A	

### Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

**For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 13.**

## Exhibit 1: Envoy Medical, Inc. Corporate Overview



### Who We Are COMPANY OVERVIEW

Envoy Medical (NASDAQ: COCH) is:

- an innovative hearing health company based in the United States (MN) focused on hearing implants,
- leading the way in “fully” or “totally” implanted hearing devices,
- the only company in the world that has successfully gotten a fully implanted hearing device approved by the FDA,
- planning to disrupt a complacent cochlear implant industry,
- dedicated to improving patient access, usability, compliance, and ultimately quality of life.

**We are different because our devices:**

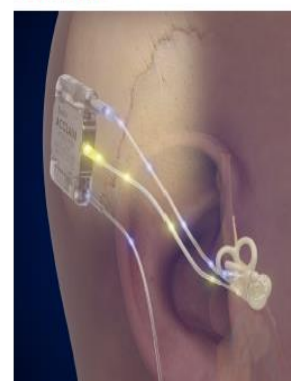
- leverage the natural ear to pick up sound.
- do not rely on artificial microphones.
- allow the outer ear to be used by the patient.

#### Esteem®



The only FDA-approved, fully-implanted active middle ear implant. FDA approval in 2010. Implanted in approx. 1,000 patients.

#### Acclaim®



A fully implanted cochlear implant (“FICI” or “TICI”) that represents a paradigm shift in cochlear implants. It is currently in clinical trials and investigational.

Source: Company reports.

## Exhibit 2: Envoy Medical's Acclaim CI Opportunity

### FULLY IMPLANTED COCHLEAR IMPLANT: AN OBVIOUS OPPORTUNITY

- We believe that if a given an opportunity to choose between a fully-implanted cochlear implant with no externals and a partially-implanted cochlear implant with externals, a significant portion of patients would choose the fully implanted cochlear implant.
- Externals associated with traditional cochlear implants are obvious and can get in the way of a person's life.
- Envoy Medical intends to be the catalyst for change the market wants and, frankly, needs.
- Envoy Medical has developed ***an important missing piece in the solution*** – our sensor technology.
- Envoy Medical's sensor is an elegant solution for a fully implanted device.
  - Leverages the natural outer and middle ear.
  - Low power needs.
  - Not an artificial microphone.
  - Not a sub-dermal microphone (lowers chances of body noise issues).

Source: Company reports.

## Exhibit 3: Hearing Loss Global Market Opportunity

### HEARING LOSS: THE OVERALL GLOBAL MARKET

#### Key Facts from the World Health Organization<sup>1</sup>:

- More than 1.5 billion people may have some form of hearing loss during their lifetime.
- Approximately 430 million of those individuals have “disabling hearing loss” that requires intervention.
- It is estimated that nearly \$1 trillion (USD) may be lost every year globally due to a failure to address hearing loss properly.
- By 2050, these numbers are expected to jump significantly:
  - 2.5 billion people are projected to have some degree of hearing loss,
  - 700 million may have “disabling hearing loss” that requires hearing rehabilitation.
- Hearing loss is significantly more common with increased age. Approximately 1 in 4 (25%) of people over the age of 60 are impacted by “disabling hearing loss.”

Sources:

(1) World report on hearing. Geneva: World Health Organization; 2021. License: CC BY-NC-SA 3.0 IGO.

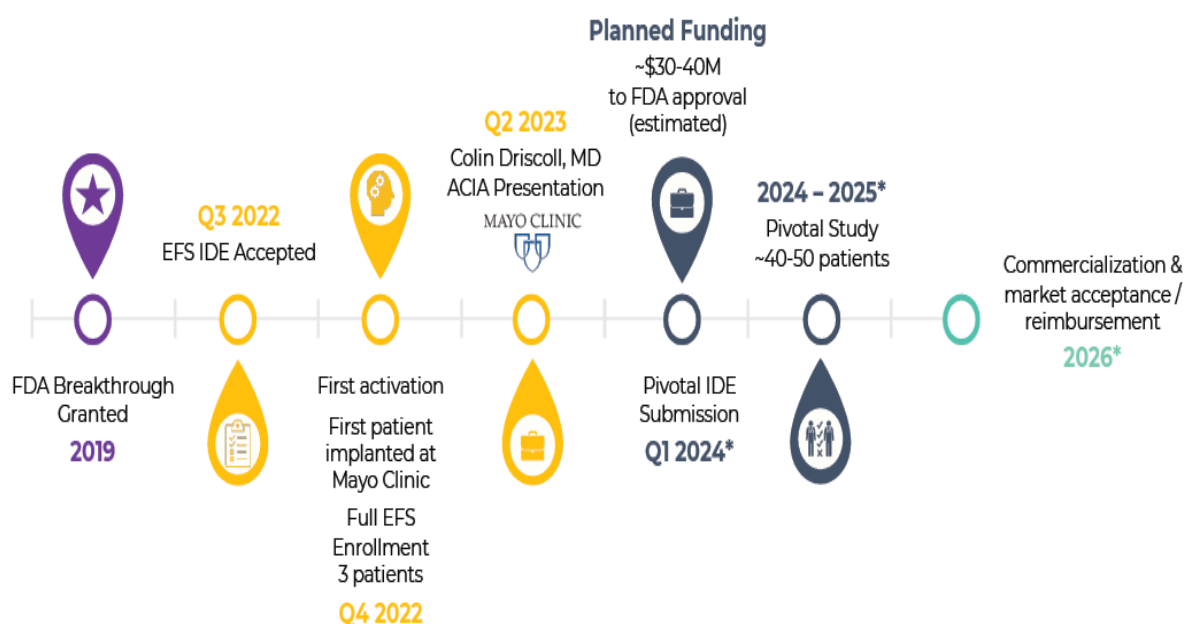
(2) “Disabling hearing” refers to a level of hearing loss that is 35 decibels (dB) or more in the better hearing ear.

Source: Company reports.

**Exhibit 4: Envoy Medical Acclaim CI Timeline (as of July 2024)**

*Clinical Strategy*

**ILLUSTRATIVE TRACK TO COMMERCIALIZATION**



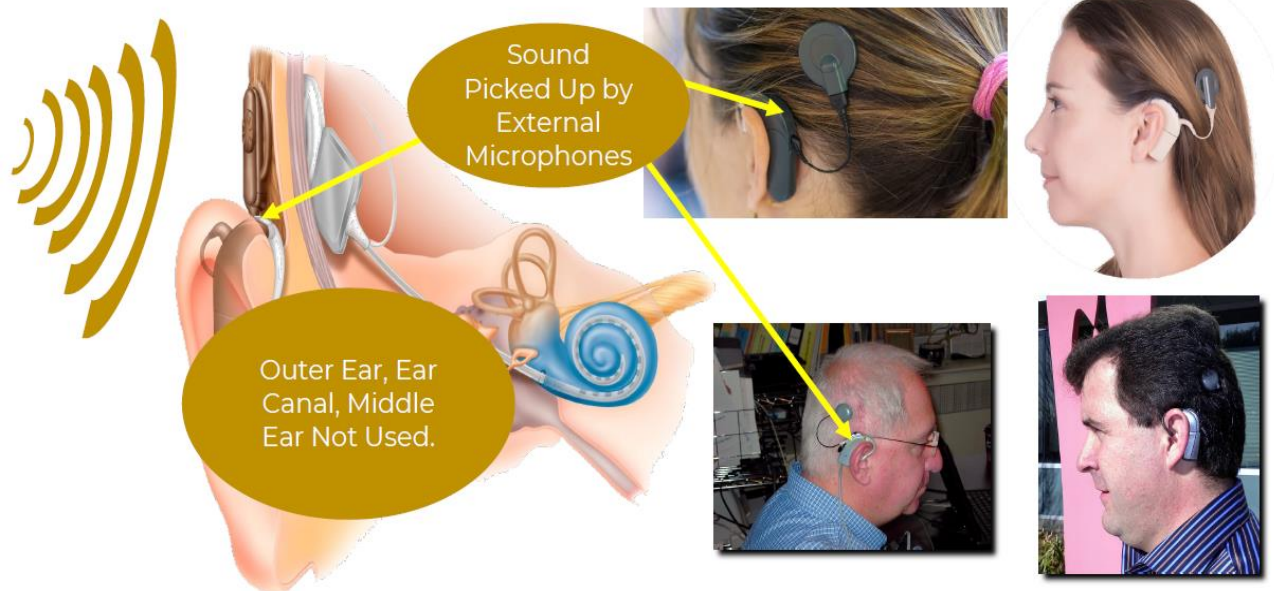
Source: Company reports.



## Exhibit 5: Cochlear Implant Market Opportunity

### Acclaim Opportunity

## TRADITIONAL COCHLEAR IMPLANTS



### Acclaim Opportunity

## TRADITIONAL COCHLEAR IMPLANTS

Cochlear implants replace the function of the inner ear by providing direct electrical stimulation of the auditory nerve.

#### Sound processor - External

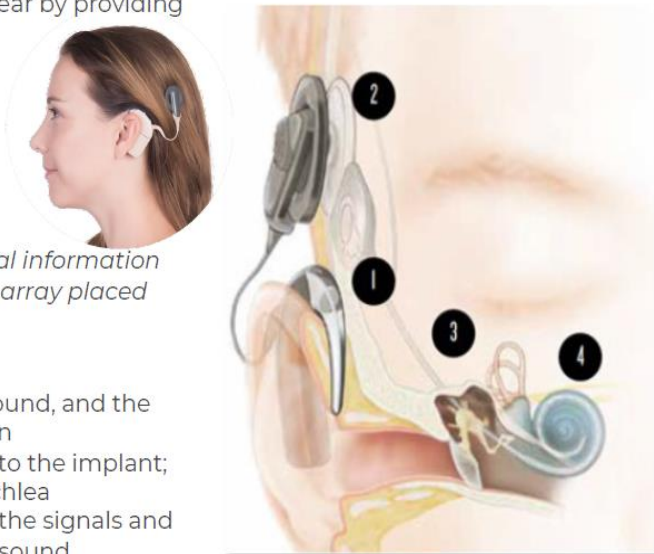
Picks up and processes sound into detailed digital information

#### Implant - Internal

Converts the digital sound information into electrical information that is sent to the auditory nerve from an electrode array placed inside the cochlea

#### Illustrative Device Overview:

- 1) Microphones on the sound processor pick up sound, and the processor converts them into digital information
- 2) This information is transferred through the coil to the implant; the implant sends electrical signals into the cochlea
- 3) The hearing nerve fibers in the cochlea pick up the signals and send them to the brain, giving the sensation of sound




Source: Company reports.

Exhibit 6: Acclaim CI (Cochlear Implant)

*Novel Technology*

## ACCLAIM® EXPECTS TO BE FIRST OF-ITS-KIND FULLY IMPLANTED COCHLEAR IMPLANT (FICI) DEVICE



**FDA**  
Breakthrough  
Device  
Designation

device not to scale

**DISCREET**

- No need for externally worn components.
- Ear will pick up the sound naturally. No external artificial microphone needed.

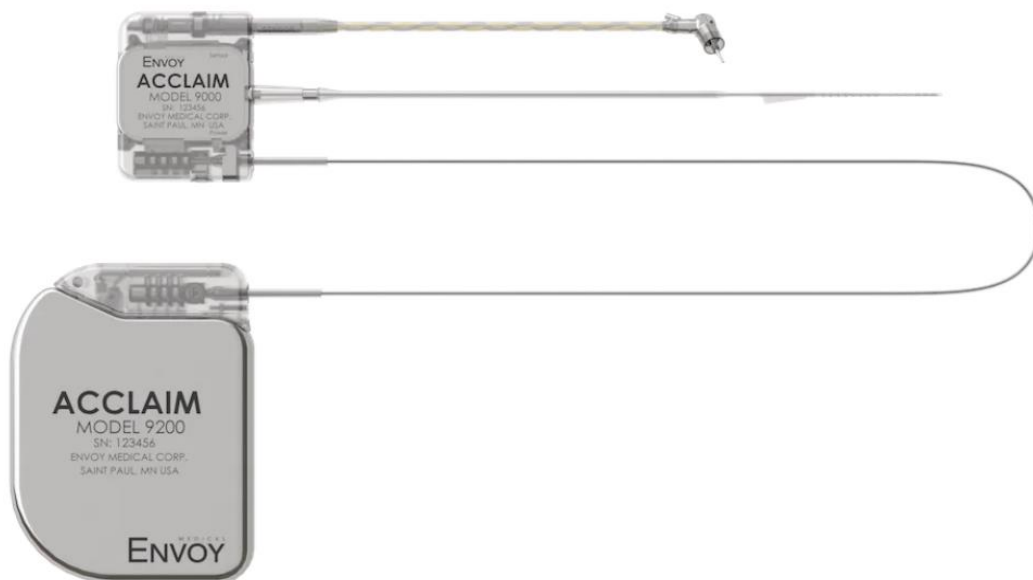
**DEPENDABLE**

- Designed to allow true 24/7 hearing.
- Reliable in many environments and activities.

**EASY**

- No expensive external sound processors to replace when lost or damaged.
- No frequent battery changes or charging. Rechargeable battery expected to last several days between charges and designed to last 8-12 years.
- No magnets. Designed to be MRI compatible.\*

\*MRI compatibility not yet determined).

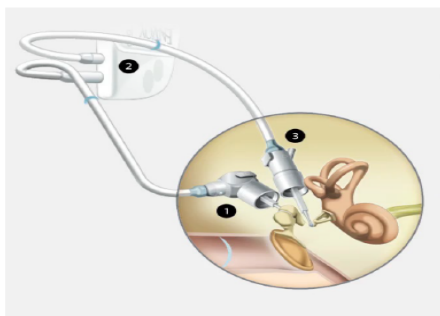


Source: Company reports.

## Exhibit 7: Esteem FI-AMEI (Fully Implanted Active Middle Ear Implant)

### Executive Summary

## PRODUCT OVERVIEW – ESTEEM®



The Esteem® is the first and only FDA-approved, fully-implanted active middle ear implant (AMEI).

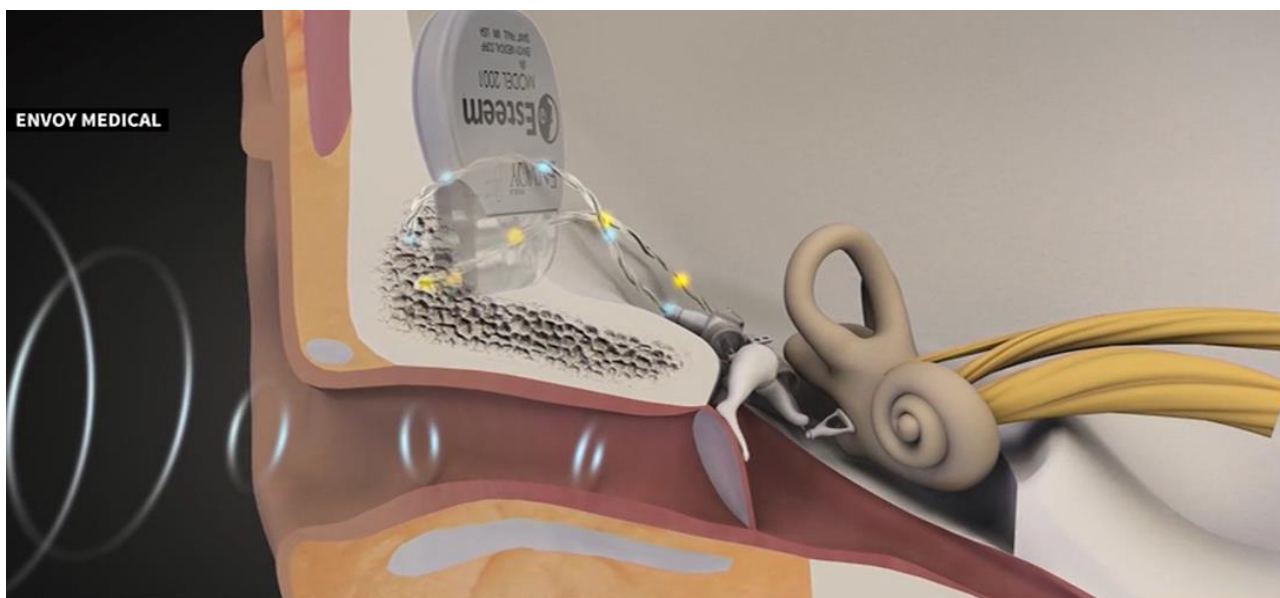
- 1) The Envoy Sensor converts the vibrations into electrical signals that are sent to the implanted Esteem Sound Processor
- 2) The Esteem Sound Processor receives, adjusts and intensifies the signals to fit your unique hearing needs
- 3) The Esteem Driver directly transfers these signals to the inner ear where the hair cells are stimulated, causing you to hear

### Positive Interim Results for IGC-AD1 in Reducing Alzheimer's Agitation

At the primary outcome, assessing the change in v as measured by the CMAI at week 6, the Cohen's d effect size indicating the superiority of IGC-AD1 over placebo was 0.66.

### The Esteem® Opportunity

## THREE FULLY IMPLANTED COMPONENTS



Source: Company reports.



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**Exhibit 8: Q1 2025 Results and Recent Highlights (as of May 1, 2025)**

## **Envoy Medical Reports on First Quarter 2025 Results**

May 01, 2025

Company Provides Update on Its Pivotal Clinical Study for Fully Implanted Cochlear Implant

White Bear Lake, Minnesota--(Newsfile Corp. - May 1, 2025) - Envoy Medical®, Inc. (NASDAQ: COCH) ("Envoy Medical"), a revolutionary hearing health company focused on fully implanted hearing devices, today announced its corporate and financial results for the first quarter ended March 31, 2025, as well as other subsequent events.

### **Financial and Corporate Highlights for First Quarter and to date:**

- Secured additional \$10 Million in funding to advance Pivotal Clinical Trial.
- Completed Enrollment of 10 participants in "first stage" of Pivotal Clinical Trial of the fully implanted Acclaim® cochlear implant.
- Activated (i.e., turned on) six of 10 participants with remaining four participants due to be activated in May. Additionally, two participants completed 1-Month Follow-Up visits.
- No reports of Serious Adverse Events or Unanticipated Adverse Device Effects.
- Thus far, activations and follow-up visits have been reported to be within expectations of "typical" or "normal" cochlear implant activations and 1-month follow-up visits over a similar timeframe.
- Modifications and mitigations put in place between Early Feasibility Study and Pivotal Clinical Trial appear to address previously discussed electrical system noise.

Brent Lucas, CEO of Envoy Medical commented: "We could not be more pleased with the positive progress of our pivotal clinical study and the reported excitement from the investigational sites. Enrollment of the first 10 patients happened quickly and efficiently, and we believe it is yet another indication that, if given the choice, a meaningful percentage of patients who are candidates for cochlear implants will be drawn to a fully implanted solution that uses the ear to pick up sound instead of a microphone, does not have an implanted magnet in the head, and has multiple days of battery life with typical use. We designed our fully implanted Acclaim cochlear implant with patient's quality of life and preferences in mind, and we are thrilled to see anecdotal reports coming back that people want what our device is designed to offer. Personally, I'm extremely excited about Envoy Medical's future and our position in the hearing industry."

Source: Company reports.

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### Exhibit 9: Envoy Medical, Inc. Stock Price (4-years since IPO)

SPAC (Anzu Special Acquisition Corp I) IPO - 3/4/21

SPAC Merger Announcement (with Envoy Medical Corporation) - 4/17/23

SPAC Merger Completion (to form Envoy Medical, Inc.) - 9/29/23



Source: <https://bigcharts.marketwatch.com/>

### Exhibit 10: Consensus Expectations (as of May 1, 2025)

	Revenue (mil)			EPS	
	2025E	2026E		2025E	2026E
Q1 Mar	\$0.1E		Q1 Mar	\$(0.34)E	
Q2 Jun	\$0.1E		Q2 Jun	\$(0.34)E	
Q3 Sep			Q3 Sep		
Q4 Dec			Q4 Dec		
Total	\$0.3E	\$0.4E	Total	\$(1.29)E	\$(1.46)E

\*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, LSEG, and Ascendant Capital Markets estimates

## FINANCIAL MODEL

### Envoy Medical, Inc.

Income Statement (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	Mar-26	Jun-26	Sep-26	Dec-26	2026
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Total Revenue</b>	<b>0.078</b>	<b>0.063</b>	<b>0.080</b>	<b>0.095</b>	<b>0.316</b>	<b>0.059</b>	<b>0.068</b>	<b>0.056</b>	<b>0.042</b>	<b>0.225</b>	<b>0.046</b>	<b>0.040</b>	<b>0.050</b>	<b>0.050</b>	<b>0.186</b>	<b>0.050</b>	<b>0.050</b>	<b>0.050</b>	<b>0.050</b>	<b>0.200</b>
Cost of Revenues	0.294	0.333	0.189	(0.027)	0.789	0.153	0.245	0.187	0.157	0.742	0.226	0.080	0.100	0.100	0.506	0.100	0.100	0.100	0.100	0.400
Gross Profit	(0.216)	(0.270)	(0.109)	0.122	(0.473)	(0.094)	(0.177)	(0.131)	(0.115)	(0.517)	(0.180)	(0.040)	(0.050)	(0.050)	(0.320)	(0.050)	(0.050)	(0.050)	(0.050)	(0.200)
Research & development	1.809	1.981	1.850	3.316	8.956	2.360	2.591	2.757	2.471	10.179	2.748	3.200	3.200	3.200	12.348	3.200	3.200	3.200	3.200	12.800
Sales and marketing				1.666	1.666	0.325	0.497	0.394	0.518	1.734	0.358	0.500	0.500	0.500	1.858	0.500	0.500	0.500	0.500	2.000
General & administrative	1.746	2.229	1.426	1.875	7.276	2.119	1.595	1.692	1.420	6.826	1.821	2.000	2.000	2.200	8.021	2.000	2.000	2.000	2.000	8.000
Restructuring and other				0.000	0.000					0.000					0.000					0.000
Total operating expenses	3.555	4.210	3.276	6.857	17.898	4.804	4.683	4.843	4.409	18.739	4.927	5.700	5.700	5.900	22.227	5.700	5.700	5.700	5.700	22.800
<b>Operating income (loss)</b>	<b>(3.771)</b>	<b>(4.480)</b>	<b>(3.385)</b>	<b>(6.735)</b>	<b>(18.371)</b>	<b>(4.898)</b>	<b>(4.860)</b>	<b>(4.974)</b>	<b>(4.524)</b>	<b>(19.256)</b>	<b>(5.107)</b>	<b>(5.740)</b>	<b>(5.750)</b>	<b>(5.950)</b>	<b>(22.547)</b>	<b>(5.750)</b>	<b>(5.750)</b>	<b>(5.750)</b>	<b>(5.750)</b>	<b>(23.000)</b>
Interest income (expense)					0.000	(0.036)	(0.132)	(0.264)	(0.384)	(0.816)	(1.733)	(0.866)	(0.866)	(1.331)	(4.797)	(1.331)	(1.331)	(1.331)	(1.331)	(5.325)
Other income (expense)	(9.982)	(9.266)	4.948	2.763	(11.537)	(1.336)	(0.320)	(2.102)	(4.143)	(7.901)	0.604	0.000	0.000	0.000	0.604	0.000	0.000	0.000	0.000	0.000
Income before income taxes	(13.753)	(13.746)	1.563	(3.972)	(29.908)	(6.270)	(5.312)	(7.340)	(9.051)	(27.973)	(6.236)	(6.606)	(6.616)	(7.281)	(26.740)	(7.081)	(7.081)	(7.081)	(7.081)	(28.325)
Income taxes					0.000					0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net income (loss)	(13.753)	(13.746)	1.563	(3.972)	(29.908)	(6.270)	(5.312)	(7.340)	(9.051)	(27.973)	(6.236)	(6.606)	(6.616)	(7.281)	(26.740)	(7.081)	(7.081)	(7.081)	(7.081)	(28.325)
Nonrecurring/noncash adjustments					0.000					0.000					0.000					0.000
<b>Net income (pro forma)</b>	<b>(13.753)</b>	<b>(13.746)</b>	<b>1.563</b>	<b>(3.972)</b>	<b>(29.908)</b>	<b>(6.270)</b>	<b>(5.312)</b>	<b>(7.340)</b>	<b>(9.051)</b>	<b>(27.973)</b>	<b>(6.236)</b>	<b>(6.606)</b>	<b>(6.616)</b>	<b>(7.281)</b>	<b>(26.740)</b>	<b>(7.081)</b>	<b>(7.081)</b>	<b>(7.081)</b>	<b>(7.081)</b>	<b>(28.325)</b>
EBITDA																				
Shares, Basic	10.123	10.123	10.214	19.600	12.553	19.600	19.600	19.616	19.616	18.790	21.327	21.827	22.327	22.827	22.077	23.327	23.827	24.327	24.827	24.077
Shares, Diluted	10.123	10.123	11.215	19.600	12.553	19.600	19.600	19.616	19.616	18.790	21.327	21.827	22.327	22.827	22.077	23.327	23.827	24.327	24.827	24.077
EPS Basic (pro forma)	(\$1.36)	(\$1.36)	\$0.15	(\$0.20)	(\$2.38)	(\$0.32)	(\$0.27)	(\$0.37)	(\$0.46)	(\$1.49)	(\$0.29)	(\$0.30)	(\$0.30)	(\$0.32)	(\$1.21)	(\$0.30)	(\$0.30)	(\$0.29)	(\$0.29)	(\$1.18)
EPS Diluted (pro forma)	(\$1.36)	(\$1.36)	\$0.14	(\$0.20)	(\$2.38)	(\$0.32)	(\$0.27)	(\$0.37)	(\$0.46)	(\$1.49)	(\$0.29)	(\$0.30)	(\$0.30)	(\$0.32)	(\$1.21)	(\$0.30)	(\$0.30)	(\$0.29)	(\$0.29)	(\$1.18)
<b>Margins</b>																				
Gross margin	-277%	-429%	-136%	128%	-150%	-159%	-260%	-234%	-274%	-230%	-391%	-100%	-100%	-100%	-172%	-100%	-100%	-100%	-100%	-100%
Research & development	2319%	3144%	2313%	3491%	2834%	4000%	3810%	4923%	5883%	4524%	5974%	8000%	6400%	6400%	6639%	6400%	6400%	6400%	6400%	6400%
General & administrative	2238%	3538%	1783%	1974%	2303%	3592%	2346%	3021%	3381%	3034%	3959%	5000%	4000%	4400%	4312%	4000%	4000%	4000%	4000%	4000%
Operating margin	-4835%	-7111%	-4231%	-7089%	-5814%	-8302%	-7147%	-8882%	-10771%	-8558%	-11102%	#####	#####	#####	#####	#####	#####	#####	#####	#####
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-17632%	-21819%	1954%	-4181%	-9465%	-10627%	-7812%	-13107%	-21550%	-12432%	-13557%	#####	#####	#####	#####	#####	#####	#####	#####	#####
<b>Y/Y % change</b>																				
Total Revenue	-23%	7%	40%	375%	33%	-24%	8%	-30%	-56%	-29%	-22%	-41%	-11%	19%	-17%	9%	25%	0%	0%	8%
Gross margin	93%	70%	122%	-131%	-34%	-56%	-34%	20%	-194%	9%	91%	-77%	-62%	-57%	-38%	-72%	25%	0%	0%	-38%
Research & development	73%	46%	98%	182%	98%	30%	31%	49%	-25%	14%	16%	24%	16%	30%	21%	16%	0%	0%	0%	4%
General & administrative	168%	231%	76%	41%	110%	21%	-28%	19%	-24%	-6%	-14%	25%	18%	55%	18%	10%	0%	0%	-9%	0%
Operating income (loss)	108%	104%	88%	132%	111%	30%	8%	47%	-33%	5%	4%	18%	16%	32%	17%	13%	0%	0%	-3%	2%
Net income (loss)	480%	692%	-217%	-68%	67%	-54%	-61%	-570%	128%	-6%	-1%	24%	-10%	-20%	-4%	14%	7%	7%	-3%	6%
EPS Diluted (pro forma)	480%	692%	-205%	-84%	35%	-76%	-80%	-368%	128%	-38%	-9%	12%	-21%	-31%	-19%	4%	-2%	-2%	-11%	-3%

Source: Company reports and Ascendant Capital Markets estimates.

**Envoy Medical, Inc.**

Balance Sheet (\$ mils)	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Fiscal Year End: December 31	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Assets</b>															
Cash and cash equivalents	0.068	7.440	4.218	4.945	1.746	4.424	5.483	5.312	2.117	8.580	1.503	(5.374)	(12.269)	(19.147)	(26.042)
Short term investments									0.000	0.000	0.000	0.000	0.000	0.000	0.000
Restricted cash		9.400							0.000	0.000	0.000	0.000	0.000	0.000	0.000
Accounts receivable, net	0.055	0.109	0.070	0.189	0.174	0.197	0.038	0.042	0.033	0.042	0.042	0.042	0.042	0.042	0.042
Inventory	1.306	1.397	1.404	1.455	1.582	1.641	1.708	1.657	0.400	0.500	0.500	0.500	0.500	0.500	0.500
Deferred income taxes									0.000	0.000	0.000	0.000	0.000	0.000	0.000
Prepaid expenses and other	0.294	1.997	1.133	1.141	1.494	0.874	2.155	1.301	0.040	0.050	0.050	0.050	0.050	0.050	0.050
Total current assets	1.723	20.343	6.825	7.730	4.996	7.136	9.384	8.312	2.591	9.172	2.095	(4.782)	(11.678)	(18.555)	(25.450)
Property and equipment, net	0.345	0.378	0.351	0.317	0.632	1.197	1.275	1.220	1.176	1.132	1.088	1.044	1.018	0.974	0.948
Leases	0.525	0.494	0.464	0.433	1.109	1.064	0.879	0.853	0.853	0.853	0.853	0.853	0.853	0.853	0.853
Intangibles, net									0.000	0.000	0.000	0.000	0.000	0.000	0.000
Deferred income tax									0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other									0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total assets	2.593	21.215	7.640	8.480	6.737	9.397	11.538	10.385	4.620	11.157	4.036	(2.885)	(9.807)	(16.728)	(23.649)
<b>Liabilities and stockholders' equity</b>															
Accounts payable	2.360	3.381	1.554	0.913	1.589	1.757	1.652	1.662	1.200	1.500	1.500	1.500	1.500	1.500	1.500
Accrued expenses	0.747	4.052	4.613	5.621	6.004	6.854	4.416	5.057	1.200	1.500	1.500	1.500	1.500	1.500	1.500
Payable to related party		4.000							0.000	0.000	0.000	0.000	0.000	0.000	0.000
Deferred revenue									0.000	0.000	0.000	0.000	0.000	0.000	0.000
Deferred income tax									0.000	0.000	0.000	0.000	0.000	0.000	0.000
Leases	0.148	0.149	0.158	0.157	0.175	0.225	0.143	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
Product warranty liability	0.256	0.228	0.311	0.305	0.290	0.238	0.282	0.265	0.265	0.265	0.265	0.265	0.265	0.265	0.265
Warrant liabilities		0.846					0.472	0.051	0.051	0.051	0.051	0.051	0.051	0.051	0.051
Other		0.034					0.573	0.415	0.415	0.415	0.415	0.415	0.415	0.415	0.415
Short term debt	0.676							0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total current liabilities	4.187	12.690	6.636	6.996	8.058	9.074	7.538	7.595	3.276	3.876	3.876	3.876	3.876	3.876	3.876
Deferred income taxes									0.000	0.000	0.000	0.000	0.000	0.000	0.000
Product warranty liability	2.090	2.025	1.923	1.923	1.923	1.923	1.771	1.771	1.771	1.771	1.771	1.771	1.771	1.771	1.771
Leases	0.467	0.440	0.404	0.378	1.121	1.028	0.802	0.778	0.778	0.778	0.778	0.778	0.778	0.778	0.778
Deferred revenue									0.000	0.000	0.000	0.000	0.000	0.000	0.000
Warrant liabilities	0.231	1.274	0.439	1.775	0.730	1.545	0.662	0.468	0.468	0.468	0.468	0.468	0.468	0.468	0.468
Other long term liabilities							0.891	0.891	0.891	0.891	0.891	0.891	0.891	0.891	0.891
Long term debt	55.324			4.821	7.292	14.356	18.716	23.106	23.106	35.500	35.500	35.500	35.500	35.500	35.500
Total other liabilities	58.112	3.739	2.766	8.897	11.066	18.852	22.842	27.014	27.014	39.408	39.408	39.408	39.408	39.408	39.408
Preferred stock	19.973								0.000	0.000	0.000	0.000	0.000	0.000	0.000
Common stock	1.392	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.162	0.322	0.482	0.642	0.802	0.962	1.122
Additional paid-in capital	171.528	255.912	255.596	257.581	257.920	259.119	266.013	266.861	266.861	266.861	266.861	266.861	266.861	266.861	266.861
Retained earnings	(252.484)	(251.012)	(257.242)	(264.877)	(270.189)	(277.529)	(284.734)	(290.970)	(297.576)	(304.193)	(311.474)	(318.555)	(325.637)	(332.718)	(339.799)
Other									5.000	5.000	5.000	5.000	5.000	5.000	5.000
Accumulated other comprehensive income	(0.115)	(0.116)	(0.118)	(0.119)	(0.120)	(0.121)	(0.123)	(0.117)	(0.117)	(0.117)	(0.117)	(0.117)	(0.117)	(0.117)	(0.117)
Total stockholders' equity	(59.706)	4.786	(1.762)	(7.413)	(12.387)	(18.529)	(18.842)	(24.224)	(25.670)	(32.127)	(39.248)	(46.169)	(53.091)	(60.012)	(66.933)
Total stockholders' equity and liabilities	2.593	21.215	7.640	8.480	6.737	9.397	11.538	10.385	4.620	11.157	4.036	(2.885)	(9.807)	(16.728)	(23.649)

**Balance Sheet Drivers**

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	467%	2496%	1193%	1934%	2197%	1561%	5131%	2828%	100%	100%	100%	100%	100%	100%	100%
Inventory as % of total rev	2073%	1746%	1478%	2466%	2326%	2930%	4067%	3602%	1000%	1000%	1000%	1000%	1000%	1000%	1000%
A/P as % of total rev	3746%	4226%	1636%	1547%	2337%	3138%	3933%	3613%	3000%	3000%	3000%	3000%	3000%	3000%	3000%
Accrued exp related as % of total rev	1186%	5065%	4856%	9527%	8829%	12239%	10514%	10993%	3000%	3000%	3000%	3000%	3000%	3000%	3000%
<b>Activity Ratios</b>															
A/R Days Sales Outstanding	79	123	66	288	230	317	81	82	75	75	75	75	75	75	75
<b>Book &amp; Cash Value (per share)</b>															
Book Value per Share (diluted)	-\$5.90	\$0.43	-\$0.09	-\$0.38	-\$0.63	-\$0.94	-\$0.96	-\$1.14	-\$1.18	-\$1.44	-\$1.72	-\$1.98	-\$2.23	-\$2.47	-\$2.70
Cash per Share (diluted)	\$0.01	\$0.66	\$0.22	\$0.25	\$0.09	\$0.23	\$0.28	\$0.25	\$0.10	\$0.38	\$0.07	-\$0.23	-\$0.51	-\$0.79	-\$1.05
Net cash per Share (diluted)	-\$5.53	\$0.66	\$0.22	\$0.01	-\$0.28	-\$0.51	-\$0.67	-\$0.83	-\$0.96	-\$1.21	-\$1.49	-\$1.75	-\$2.00	-\$2.25	-\$2.48

Source: Company reports and Ascendant Capital Markets estimates

**Envoy Medical, Inc.**

Cash Flow Statement (\$ mils)	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	Mar-26	Jun-26	Sep-26	Dec-26	2026
Fiscal Year End: December 31	Q1&2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Cash flow from operating activities</b>																			
Net income	(26.499)	1.472	(4.881)	(29.908)	(6.270)	(3.947)	(5.960)	(4.618)	(20.795)	(4.998)	(6.606)	(6.616)	(7.281)	(25.502)	(7.081)	(7.081)	(7.081)	(7.081)	(28.325)
Depreciation	0.056	0.029	0.048	0.133	0.034	0.042	0.049	0.048	0.173	0.061	0.050	0.050	0.050	0.211	0.050	0.050	0.050	0.050	0.200
Amortization				0.000				1.047	1.047	0.247				0.247					0.000
Non-cash lease expense				0.000					0.000					0.000					0.000
Debt related amortization expense				0.000			0.432	0.384	0.816	0.495				0.495					0.000
Stock comp			1.575	1.575	0.123	0.142	0.144	0.153	0.562	0.160	0.160	0.160	0.160	0.640	0.160	0.160	0.160	0.160	0.640
Deferred income taxes				0.000					0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Change in fair value of warrant liability	18.247	(5.042)	(1.602)	11.603	1.336	(1.045)	0.737	(0.331)	0.697	(0.615)				(0.615)					0.000
Lease	0.052	0.031	(0.211)	(0.128)	0.031	0.058	0.161	(0.137)	0.113	0.026				0.026					0.000
Inventory reserve	(0.017)	(0.105)	0.023	(0.099)	0.089	0.173	(0.262)	0.076	0.076	(0.023)				(0.023)					0.000
Accrued interest				0.000					0.000					0.000					0.000
Writedowns and impairments				0.000					0.000					0.000					0.000
Other gains/losses				0.000					0.000					0.000					0.000
Other		4.000	(4.000)	0.000					0.000					0.000					0.000
Changes in operating assets and liabilities:																			
Accounts receivable	(0.014)	(0.054)	(0.137)	(0.205)	(0.119)	0.163	(0.171)	0.159	0.032	(0.004)	0.009	(0.008)	0.000	(0.004)	0.000	0.000	0.000	0.000	0.000
Inventory	0.006	0.014	(0.030)	(0.010)	(0.140)	(0.300)	0.203	(0.143)	(0.380)	0.074	1.257	(0.100)	0.000	1.231	0.000	0.000	0.000	0.000	0.000
Prepaid expenses & other current ass	(0.165)	(0.703)	0.040	(0.828)	0.101	(0.068)	0.768	(1.396)	(0.595)	(0.075)	1.261	(0.010)	0.000	1.176	0.000	0.000	0.000	0.000	0.000
Income tax				0.000					0.000					0.000					0.000
Other assets				0.000	(0.027)	0.062	(0.194)	0.014	(0.145)	0.757	0.000	0.000	0.000	0.757	0.000	0.000	0.000	0.000	0.000
Accounts payable	1.357	1.021	(1.827)	0.551	(0.641)	0.641	0.203	(0.222)	(0.019)	0.010	(0.462)	0.300	0.000	(0.152)	0.000	0.000	0.000	0.000	0.000
Accrued expenses	0.064	0.529	(0.687)	(0.094)	(0.357)	(0.814)	1.135	(0.205)	(0.241)	0.199	(3.857)	0.300	0.000	(3.358)	0.000	0.000	0.000	0.000	0.000
Deferred revenue				0.000					0.000					0.000					0.000
Other liabilities	(0.132)	(0.093)	(0.019)	(0.244)	(0.006)	(0.015)	(0.052)	0.783	0.710	(0.039)	0.000	0.000	0.000	(0.039)	0.000	0.000	0.000	0.000	0.000
<b>Net cash (used in) provided by opera</b>	<b>(7.045)</b>	<b>1.099</b>	<b>(11.708)</b>	<b>(17.654)</b>	<b>(5.846)</b>	<b>(4.908)</b>	<b>(2.807)</b>	<b>(4.388)</b>	<b>(17.949)</b>	<b>(3.725)</b>	<b>(8.189)</b>	<b>(5.925)</b>	<b>(7.071)</b>	<b>(24.910)</b>	<b>(6.871)</b>	<b>(6.871)</b>	<b>(6.871)</b>	<b>(6.871)</b>	<b>(27.485)</b>
<b>Cash flow from investing activities</b>																			
Purchases of property and equipment	(0.070)	(0.062)	(0.021)	(0.153)	(0.109)	(0.248)	(1.157)	0.534	(0.980)	(0.006)	(0.006)	(0.006)	(0.006)	(0.024)	(0.006)	(0.024)	(0.006)	(0.024)	(0.060)
Purchases of short-term investments				0.000					0.000					0.000					0.000
Acquisitions				0.000					0.000					0.000					0.000
Other				0.000		(0.542)	0.542		0.000					0.000					0.000
<b>Net cash used in investing activities</b>	<b>(0.070)</b>	<b>(0.062)</b>	<b>(0.021)</b>	<b>(0.153)</b>	<b>(0.109)</b>	<b>(0.790)</b>	<b>(0.615)</b>	<b>0.534</b>	<b>(0.980)</b>	<b>(0.006)</b>	<b>(0.006)</b>	<b>(0.006)</b>	<b>(0.006)</b>	<b>(0.024)</b>	<b>(0.006)</b>	<b>(0.024)</b>	<b>(0.006)</b>	<b>(0.024)</b>	<b>(0.060)</b>
<b>Cash flow from financing activities</b>																			
Issuance of debt	7.000	3.000		10.000	5.000	2.500	7.500	5.000	20.000	5.000	0.000	12.394	0.000	17.394	0.000	0.000	0.000	0.000	0.000
Repayment of debt				0.000			(1.833)	(1.530)	(3.363)	(0.233)				(0.233)					0.000
Issuance of stock		12.736	(0.891)	11.845	1.683				1.683		0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000
Proceeds from stock option exercises				0.000			0.434	1.444	1.878					0.000					0.000
Other				0.000					0.000		5.000			5.000					0.000
Dividends and distributions				0.000					0.000	(1.213)				(1.213)					0.000
<b>Cash provided by (used in) financing</b>	<b>7.000</b>	<b>15.736</b>	<b>(0.891)</b>	<b>21.845</b>	<b>6.683</b>	<b>2.500</b>	<b>6.101</b>	<b>4.914</b>	<b>20.198</b>	<b>3.554</b>	<b>5.000</b>	<b>12.394</b>	<b>0.000</b>	<b>20.948</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Effect of exchange rate on cash		(0.001)	(0.002)	(0.003)	(0.001)	(0.001)	(0.001)	(0.001)	(0.004)	0.006				0.006					0.000
<b>Net increase (decrease) in cash and i</b>	<b>(0.115)</b>	<b>16.772</b>	<b>(12.622)</b>	<b>4.035</b>	<b>0.727</b>	<b>(3.199)</b>	<b>2.678</b>	<b>1.059</b>	<b>1.265</b>	<b>(0.171)</b>	<b>(3.195)</b>	<b>6.463</b>	<b>(7.077)</b>	<b>(3.980)</b>	<b>(6.877)</b>	<b>(6.895)</b>	<b>(6.877)</b>	<b>(6.895)</b>	<b>(27.545)</b>
<b>Beginning cash and equivalents</b>	<b>0.183</b>	<b>0.068</b>	<b>16.840</b>	<b>0.183</b>	<b>4.218</b>	<b>4.945</b>	<b>1.746</b>	<b>4.424</b>	<b>4.218</b>	<b>5.483</b>	<b>5.312</b>	<b>2.117</b>	<b>8.580</b>	<b>5.483</b>	<b>1.503</b>	<b>(5.374)</b>	<b>(12.269)</b>	<b>(19.147)</b>	<b>1.503</b>
<b>Ending cash and equivalents</b>	<b>0.068</b>	<b>16.840</b>	<b>4.218</b>	<b>4.218</b>	<b>4.945</b>	<b>1.746</b>	<b>4.424</b>	<b>5.483</b>	<b>5.483</b>	<b>5.312</b>	<b>2.117</b>	<b>8.580</b>	<b>1.503</b>	<b>1.503</b>	<b>(5.374)</b>	<b>(12.269)</b>	<b>(19.147)</b>	<b>(26.042)</b>	<b>(26.042)</b>

Source: Company reports and Ascendant Capital Markets estimates



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## **Envoy Medical, Inc.**

- Ascendant Capital Markets, LLC has not received compensation for advisory or investment banking services from the company in the past 12 months.

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Risks to attainment of our share price target include balance sheet/liquidity risks, failure of product candidates to demonstrate safety and efficacy in clinical trials, failure to gain regulatory approvals, ability to commercialize product, failure to obtain suitable reimbursement, competition, changing macroeconomic factors, investor sentiment for investing in biotech stocks, and changes in consumer or government priorities for healthcare.

### Ascendant Capital Markets, LLC Rating System

**BUY:** We expect the stock to provide a total return of 15% or more within a 12-month period.

**HOLD:** We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

**SELL:** We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

### Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of April 11, 2025)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	52	98%	21	40%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	53	100%	21	40%

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Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

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