

Envoy Medical

A Path to Market Discovery

Envoy Medical is a medical device company specializing in fully implanted cochlear implants. The company, founded in 1995, has recently begun trials on its biggest product yet, the Acclaim Cochlear Implant. This breakthrough technology would be the first of its kind to hit the market, being completely invisible from the outside. Outside their Acclaim Implant, they have no substantial product generating revenues, so all eyes are on the fast-tracked Phase 2 trial of their Acclaim product.

Currently, the stock sits at <8% institutional ownership, signaling its \$20M market cap is low enough to fly under the institutional radar. With 37% insider ownership, management is appropriately incentivized to drive growth within the company. This is where opportunity lies, as the company has been continuously showing promising signs on the path to product launch and success in Phase 2. One particular key to this story is my discovery of the company. **I discovered Envoy through a connection I know who is an enrolled tester of the Phase 1 trial**, who has had the implant for >6 months with zero problems. The product was described as life-changing, all while being completely invisible to the outside. This tester is not the only one with a positive experience, as it was recently announced that all Phase 1 trial testers have passed the 6-month milestone with zero issues.

The Simple Thesis:

As Envoy continues its trend in Phase 2, the \$20M stock will realize the revenue capabilities stronger than it does today. With the stock down ~50% YTD, it sits at a significant value as the company has only shown progress and consistency through trials. The one negative catalyst has been share dilution as they capitalize on each pump in the stock to raise capital through selling shares in the market, which in turn has significantly improved their debt position at the cost of share dilution. **Envoy Medical is poised for share price appreciation as it demonstrates its device capability and safety through 2026 and proves that commercialization will begin by Q3 2027 into the fast-growing ~3.5B Global Cochlear Implant Market.** Further total market exponential upside includes removing the clunky earpiece that comes with traditional cochlear implants, the very problem Envoy Medical is addressing with its **insurance-covered** Acclaim Cochlear Implant.

BUY

Price: \$0.721

Price Target (18 months): \$5

Medical Devices

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Class of 2028

Ticker: NASDAQ: COCH

Market Cap: \$20.76M

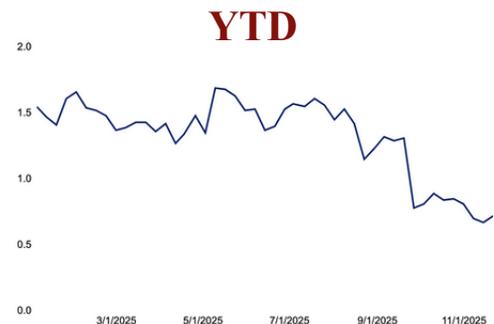
Cochlear Market: >\$2.75B

Patents: >40 (global)

Total Debt (Q3): <\$1M

FDA Trial: Phase 2 (Final)

Approval Est.: Mid 2027



Acclaim Cochlear Implant Product Description

The Envoy Acclaim® cochlear implant is an investigational, fully implanted hearing device designed to provide “always-on” hearing without any external hardware. Instead of using an outside microphone, the system captures sound through a small piezoelectric sensor placed inside the ear, which converts natural ear vibrations into electrical signals. These signals are processed by the implanted electronics and sent to an electrode array in the cochlea, allowing the brain to interpret sound. The Acclaim system includes an internal rechargeable battery that can last several days between charges, and the battery is designed to need replacement **only every eight to twelve years**. This fully implanted design aims to offer a more natural experience and minimize the maintenance burden seen with traditional cochlear implants.

Importance of the Acclaim Breakthrough Technology

The Acclaim is considered revolutionary because it eliminates the biggest limitation of today’s cochlear implants, the need for external microphones and processors that sit behind the ear. By moving all components fully under the skin and using the ear’s natural mechanics to capture sound, the device offers a level of discretion, convenience, and “always-on” hearing that no commercial implant has provided before. This means users can hear while sleeping, showering, exercising, or wearing helmets or hats, all without managing external parts that can fall off, get damaged, or need daily charging. The fully implanted design also reduces social stigma associated with visible hearing devices and opens the door for new user groups who previously avoided implants due to cosmetic or lifestyle concerns. If successful, this technology could shift patient expectations and raise the competitive bar in an industry that has seen mostly incremental improvements for decades.

Why So Cheap?

Despite promising technology, Envoy’s stock remains cheap because it’s still very early and there’s almost no meaningful revenue (Q3 2025 net revenue was only \$42K), and the company is burning cash fast. Its cash runway is tight, and it regularly needs dilutive financing: for example, it just raised ~\$4 million by issuing shares and warrants at ~\$1.31/share. Their business hinges heavily on successful regulatory approval of Acclaim, which is not guaranteed, and the clinical-stage risk is very high. All of that makes the market cautious, pricing in a lot of uncertainty.

Understanding the Cochlear Implant Market



<u>Ticker</u>	OTC: CHEOY	OTC: SONVY	Privately Held	NASDAQ: COCH
<u>Cochlear Implant Revenue:</u>	\$970M ('25)	\$343M ('24)	Est. \$350M ('24)	--
<u>Market Cap (\$)</u>	~\$11.3B	~\$13.9B	Privately Held	~\$20M
<u>Est. Market Share:</u>	65%	10%	15%	--

Envoy Medical Investor Presentation

DISRUPTING A MULTI-\$B COCHLEAR MARKET

	ENVYOY	Cochlear®	MED-EL	ABI ADVANCED BIONICS with SONOVA
Feasibility Study on Record	● (USA)	● (Australia)	● (Europe)	✗
Breakthrough Device Designation from U.S. FDA for Fully Implanted Cochlear Implant	●	✗	✗	✗
Investigational Device Exemption (IDE) application approved by FDA to begin Pivotal Clinical Trial in US.	●	?	?	✗
Enrollment of Pivotal Clinical Trial underway.	●	?	?	✗
FDA Approval for Commercial Sales in U.S.	✗	✗	✗	✗

SOURCE: Envoy Medical management
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Nasdaq: COCH

Envoy is positioned uniquely as it could be the front-runner in full FDA approval for Commercial Sales in the U.S. Currently, a surgeon must prescribe implants in the U.S., whereas the product cannot be sold like a normal medical device product, similar to how hearing aids are sold. Cochlear implants require strict medical qualifications, and people can not just walk into a surgeon's office and request implants, like they would for hearing aids. The game-changing piece for Envoy Medical is that they are aiming

for the device to be fully implanted, unlike any of these competitors. MED-EL is the only competitor that is working on a totally implanted device, but is still struggling to navigate around Envoy's patent protections and unique, most efficient design. Envoy Medical's Acclaim Implant is by far the most ahead, especially in the U.S. Market.

U.S Cochlear Market:
 ~\$650M

Global Market:
 ~\$2.75B

Envoy's U.S Theoretical Market Size Estimate:
 ~80B¹

¹ Envoy Medical 10K - 3/31/2025 - Page Number 7

Show Me the Money!

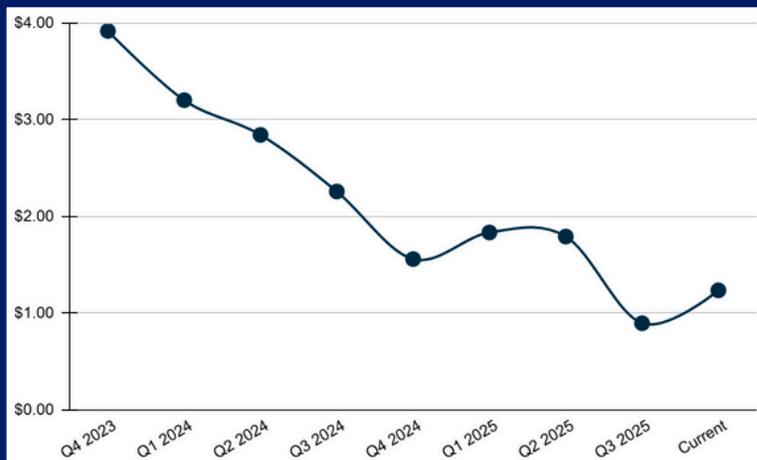
Currently, Envoy Medical is practically pre-revenue. But let’s discuss the likelihood of approval in Phase 2 and the potential revenues Envoy could see with its Acclaim Implant. While quantifying a probability is unrealistic, we can assume that, after Envoy has shown **zero issues over 6+ months with its Phase 1 clients**, it is in good shape. I can also add that the client I know is testing the product, has spoken very highly of its safety, convenience, and efficacy. The Food & Drug Administration has declared the Acclaim Implant with “Breakthrough Device Designation”, and is currently being fast-tracked by the FDA as they recognize the significance of this device. All of these factors raise the probability of Envoy’s Acclaim Implant being approved and entering the market with revolutionary technology.

Historic probabilities indicate that, due to Envoy Medical’s standing as a **Class III Device** according to the FDA, these devices, paired with Envoy’s Acclaim Implant designation, imply a **~75-80% success rate for them to pass Phase 2 trials** and submit for Pre-Market Approval (PMA). This would likely be in **early 2027**. With the unique advantage the Acclaim Implant brings, the product could see explosive demand due to its being invisible to the outside. Of the roughly ~3M qualified U.S. Adults eligible, only ~5% receive implants, mainly attributable to the exterior piece of the traditional implants. If Envoy could just reach 10% of this insurance-covered audience, they could see a groundbreaking \$8B+ in revenue over a 5-10 year span as they quickly roll out surgical clinics sites.

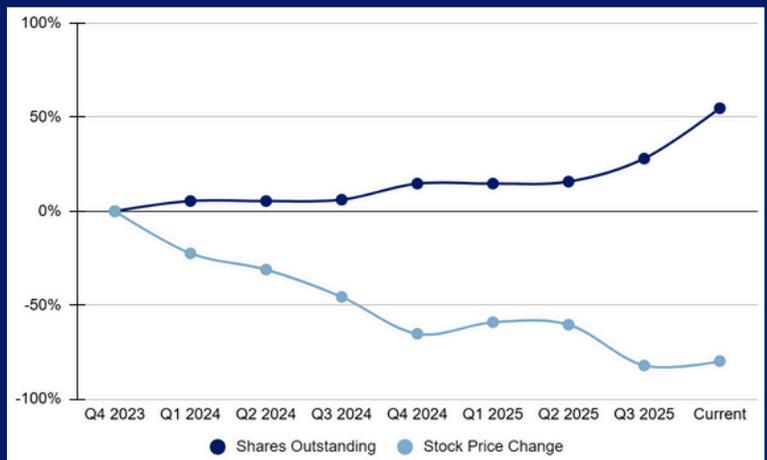
Progress in Trials - Why is the Stock Declining?

COCH sees continued share price suppression as the company repeatedly initiates share offerings that dilute shareholders, forcing prices lower. Dilution-adjusted share prices are down ~68% from the start of heavy dilution seen below. In the same time frame, shares outstanding are up ~55% and real share prices fell ~80%. This points to a **14% dilution-impacted decline**, indicating that the core driver behind the selloff has been **unrelated to share dilution**. See Page 5 for why this contributes to the bull-thesis.

Dilution-Adjusted Share Price



Shares versus QoQ Diluted Price Change

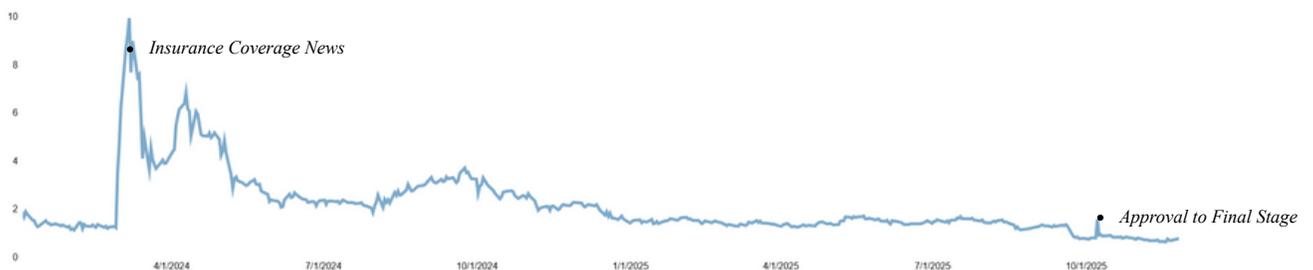


Long-Term Thesis Expanded

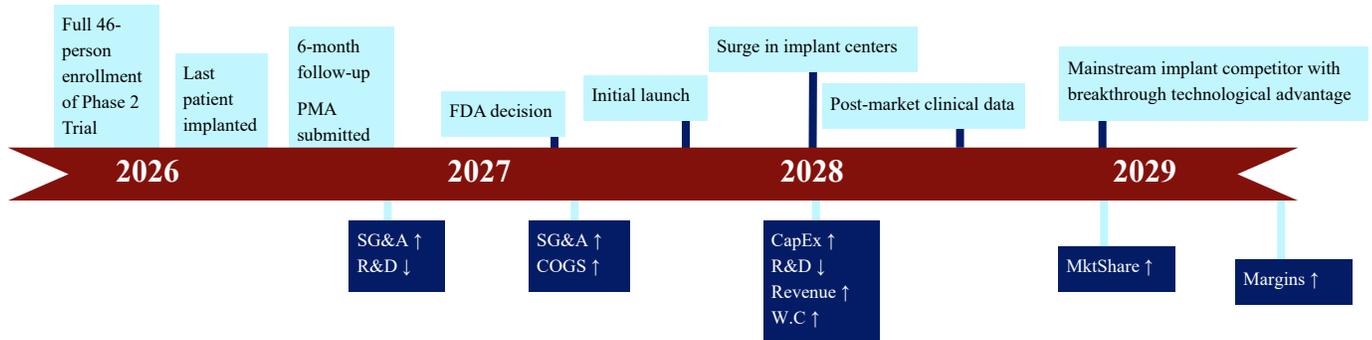
*A \$20M valuation is simply downplaying the extreme breakthrough Envoy Medical is making in the Cochlear Implant market. The potential for their Acclaim Implant to drastically disrupt the industry and bring in millions of otherwise impossible revenue (no exterior component) is capable of billions in new overall sector revenue, all attributable to Envoy. Over the multi-year downtrend, the company has made significant milestones and advancements in each one of its trial phases. There have been **absolutely no hiccups to their path to commercialization**, and Envoy has actually only seen acceleration in their timeline to the market. Because of Envoy Medical's positioning in disruptive technology, advancements in trial phases, under-the-radar progress (<8% inst. ownership), and extremely positive device-user feedback, I believe the stock price can ignore the need for additional capital-raising and the small risk of trial failure at the benefit of explosive ROI in the coming years. By 2028, **I expect Envoy's Acclaim to reach ~1,500 unit sales at ~ \$40M** and grow at an impressive CAGR with high demand to grow their implant clinics. By this point, the stock would likely trade at least 10x sales with a whopping \$400M valuation, implying a return of over 2000% in gains (excl. dilution). Additionally, in 2028, the sentiment will shift from a cash-burning story to a need for more clinics to keep up with demand, further pushing prices and the industry higher.*

Shorter-Term Thesis Explained

*The above is the long-term success story I see with COCH. But that remains the question: "Why Now?" "Why invest now when we know that these probabilistic outcomes aren't going to be known for at least a year?" I see a short-term vision with the company as well, and most importantly, that being the fact that timing the entry is impossible. By the time trials are almost over, and no problems have been reported, this stock could be trading >\$5. But that aside, my short-term idea remains that COCH can see significant catalysts that drive the stock up 2-5 fold in short-term periods due to the volatility history of the name. I see more upside than downside at its current valuation with upcoming **potential headlines relating to full enrollment of Phase 2 in early 2026, a new private investor to lower capital needs, progress on patent approvals, etc.** Each of these announcements can send the stock soaring, and in that case, they likely announce another offering, which is helpful for the long-term but will send the stock back to the ground. At sub-80c a share, I see much value in the stock regarding its headline volatility and the company's desire to remain above \$1/share by mid-May to avoid NASDAQ delisting, potentially fueling the board to push news out in the early Spring.*



Timeline



Competitive Moat & Patent Analysis

Acclaim-Related Patent Coverage

- Core Implant Architecture
 - Fully-implantable cochlear implant systems (no external microphone)
 - Modular implant design: internal signal processor + implanted battery + implanted communication module
- Middle-Ear Sensor Technology
 - Piezoelectric middle-ear sensor that captures natural eardrum vibration
 - Methods to stabilize, filter, and calibrate sensor signals for consistent sound input
- Signal Processing & System Calibration
 - Algorithms to normalize frequency responses inside a fully implanted system
 - Techniques to compensate for changes in sensor behavior
 - Electrode diagnostics to monitor implant health
 - Stimulation calibration systems, ensuring accurate current delivery to the cochlear electrode array
- Diagnostic & Programming Interfaces
 - Technology allowing clinicians to extract/analyze internal implant signals without external microphones
 - Systems enabling external devices to analyze internal channels
- Battery & Recharge
 - Embedded rechargeable battery architecture for fully implanted hearing devices
 - Thermal-management algorithms that adjust charging to avoid tissue heating
 - Power-delivery frameworks, enabling accessories or modules to draw power from the implanted system

U.S. Patents:
 >35

Foreign Patents:
 >30

Est. Patent Cliff:
 ~2035-2040



- Hybrid/Harmonized Hearing Systems
 - Systems coordinating hearing aids with implanted cochlear processors
 - Dynamic adjustment of implant transfer functions when external aids are active

Relevant Patent Numbers: US 12,214,195 | US 12,233,256 | US 12,,318,607 | US 12,318,613 | US 12,390,634 | US 12,465,754 | US 12,418,758 | EP 4338791 | AU 2022254630 | HK 40101898

Competitive Moat

As stated previously, Envoy Medical has a strong moat tied to its IP, including strong patents for Acclaim's unique technology. As seen above, Envoy holds patents worldwide, demonstrating its commitment to exclusivity, which should **last until ~2040**. With a possible 10+ year advantage on this technology, Envoy can excel in the market and surge as a leader in market share with their totally implanted design, attracting a diverse market of eligible users. This alone shows the large competitive moat Envoy has in this technology if they can reach the market. With this **Intellectual Property, Envoy would likely trade at an even higher premium** than competitors as they ramp revenues.

Insurance Reimbursement and Coverage Dynamics

Insurance reimbursement coverage is crucial for Envoy Medical as it looks to launch its Acclaim Implant. With a total cost of over \$30,000, there will be no meaningful demand, with recipients taking the bulk of that cost. Envoy has had previous issues in this realm with their Esteem Hearing Aid, which never took off due to poor/zero insurance coverage, leading to minuscule revenue. On the flip side, it is believed that Acclaim, like other cochlear implants, will be covered by insurance. Not only is this the likely outcome, but there is already substantial evidence that points to this being the case. Cochlear implants are already a covered category by Medicare, Medicaid, and all major commercial issuers. Acclaim addresses **moderate-to-profound sensorineural hearing loss, the exact condition that these insurers cover**. Because the FDA designated Acclaim as a Breakthrough Device, this further strengthens the case that it will be covered through faster insurance coding approvals, earlier reimbursements, and reduced friction in coverage terms. Envoy's device is likely to cause lower long-term burden, like less common follow-up complications and external hardware failures/replacements. This is a strong case for insurers to cover the device. The **cochlear implant surgery procedures already have reimbursement codes**, signaling a head start on Envoy's coverage process. Lastly, the **cochlear implant coverage area has expanded over the past few decades**, not contracted, meaning Envoy's Acclaim will likely benefit from coverage. There have also been two bills presented to the U.S. House regarding clarity that fully implanted active middle ear hearing devices are prosthetics and not subject to the current Medicare hearing aid coverage **exclusion**. Such clarification would allow for potential Medicare coverage of implanted hearing devices that are genuinely different from hearing aids. This contributes positively to Envoy's Acclaim, but **also their Esteem middle ear implant**, which currently does not qualify under most insurers. Bills: H.R. 1921 and S. 983.



Financial Projections

Bull Case Income Statement

Envoy Medical Income Statement											
<i>dollar values in thousands</i>	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenue	\$ 225.00	\$ 200.00	\$ 200.00	\$ 11,200.00	\$ 40,320.00	\$ 104,960.00	\$ 176,640.00	\$ 253,440.00	\$ 375,200.00	\$ 474,600.00	\$ 568,400.00
Cost of Goods Sold	\$ 742.00	\$ 725.00	\$ 710.00	\$ 5,040.00	\$ 18,144.00	\$ 47,232.00	\$ 79,488.00	\$ 114,048.00	\$ 168,840.00	\$ 213,570.00	\$ 255,780.00
Gross Profit	\$ (517.00)	\$ (525.00)	\$ (510.00)	\$ 6,160.00	\$ 22,176.00	\$ 57,728.00	\$ 97,152.00	\$ 171,072.00	\$ 253,260.00	\$ 320,355.00	\$ 383,670.00
Gross Margin	--	--	--	55.0%	55.0%	55.0%	55.0%	67.5%	67.5%	67.5%	67.5%
Operating Expenses:											
R&D	\$ 10,179.00	\$ 10,250.00	\$ 11,000.00	\$ 840.00	\$ 2,016.00	\$ 3,148.80	\$ 4,416.00	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00
SG&A	\$ 8,560.00	\$ 9,300.00	\$ 12,500.00	\$ 5,600.00	\$ 20,160.00	\$ 52,480.00	\$ 88,320.00	\$ 101,376.00	\$ 150,080.00	\$ 189,840.00	\$ 227,360.00
Total Operating Expenses	\$ 18,739.00	\$ 19,750.00	\$ 23,500.00	\$ 6,440.00	\$ 22,176.00	\$ 55,628.80	\$ 92,736.00	\$ 108,876.00	\$ 157,580.00	\$ 197,340.00	\$ 234,860.00
Operating Profit	\$ (19,256.00)	\$ (20,275.00)	\$ (24,010.00)	\$ (280.00)	\$ -	\$ 2,099.20	\$ 4,416.00	\$ 62,196.00	\$ 95,680.00	\$ 123,015.00	\$ 148,810.00
EBIT	\$ (19,256.00)	\$ (20,275.00)	\$ (24,010.00)	\$ (280.00)	\$ -	\$ 2,099.20	\$ 4,416.00	\$ 62,196.00	\$ 95,680.00	\$ 123,015.00	\$ 148,810.00
EBIT Margin	--	--	--	-2%	0%	2%	3%	25%	26%	26%	26%
D&A	\$ 173.00	\$ 210.00	\$ 250.00	\$ 1,000.00	\$ 1,500.00	\$ 2,000.00	\$ 2,500.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
EBITDA	\$ (19,429.00)	\$ (20,485.00)	\$ (24,260.00)	\$ (1,280.00)	\$ (1,500.00)	\$ 99.20	\$ 1,916.00	\$ 59,196.00	\$ 92,680.00	\$ 120,015.00	\$ 145,810.00
Interest Expense	\$ 816.00	\$ 50.00	\$ 100.00	\$ 200.00	\$ 300.00	\$ 400.00	\$ 380.00	\$ 361.00	\$ 342.95	\$ 325.80	\$ 309.51
Pretax Income	\$ (20,245.00)	\$ (20,535.00)	\$ (24,360.00)	\$ (1,480.00)	\$ (1,800.00)	\$ (300.80)	\$ 1,536.00	\$ 58,835.00	\$ 92,337.05	\$ 119,689.20	\$ 145,500.49
Tax Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 307.20	\$ 11,767.00	\$ 18,467.41	\$ 23,937.84	\$ 29,100.10
Net Income	\$ (20,245.00)	\$ (20,535.00)	\$ (24,360.00)	\$ (1,480.00)	\$ (1,800.00)	\$ (300.80)	\$ 1,228.80	\$ 47,068.00	\$ 73,869.64	\$ 95,751.36	\$ 116,400.39
Shares Outstanding	21,330.00	28,790.00	31,647.14	38,790.00	41,647.14	41,647.14	41,647.14	41,647.14	41,647.14	41,647.14	41,647.14
Earnings Per Share	\$ (0.95)	\$ (0.71)	\$ (0.77)	\$ (0.04)	\$ (0.04)	\$ (0.01)	\$ 0.03	\$ 1.13	\$ 1.77	\$ 2.30	\$ 2.79

Bull Case Drivers

Envoy Medical Drivers											
<i>dollar values in thousands</i>	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Active Implant Centers				20.00	60.00	120.00	180.00	240.00	320.00	390.00	450.00
Implant Center Growth					200%	100%	50%	33%	33%	22%	15%
Implants Capacity per Center				40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Price per Implant (ASP)				\$ 28.00	\$ 28.00	\$ 32.00	\$ 32.00	\$ 32.00	\$ 35.00	\$ 35.00	\$ 35.00
New Centers (Y1)				20.00	40.00	60.00	60.00	60.00	80.00	70.00	60.00
Mid-Stage Centers (Y2)					20.00	40.00	60.00	60.00	60.00	80.00	70.00
Mature Centers (Y3+)						20.00	60.00	120.00	180.00	240.00	320.00
New Center Revenues				\$ 11,200.00	\$ 22,400.00	\$ 38,400.00	\$ 38,400.00	\$ 38,400.00	\$ 56,000.00	\$ 49,000.00	\$ 42,000.00
Mid-Stage Centers Revenues				\$ -	\$ 17,920.00	\$ 40,960.00	\$ 61,440.00	\$ 61,440.00	\$ 67,200.00	\$ 89,600.00	\$ 78,400.00
Mature Centers Revenues				\$ -	\$ -	\$ 25,600.00	\$ 76,800.00	\$ 153,600.00	\$ 252,000.00	\$ 336,000.00	\$ 448,000.00
Total Revenue				\$ 11,200.00	\$ 40,320.00	\$ 104,960.00	\$ 176,640.00	\$ 253,440.00	\$ 375,200.00	\$ 474,600.00	\$ 568,400.00
Total Implants				400.00	1,440.00	3,280.00	5,520.00	7,920.00	10,720.00	13,560.00	16,240.00
Implants Growth					260%	128%	68%	43%	35%	26%	20%

**Bull Case Balance Sheet & Cash Flow Statement can be found in the appendix along with Base Case scenario. Contact me with questions (info listed on page 1)*

Valuation

Bull Case D.C.F

Discounted Cash Flow Analysis
 Envoy Medical, Inc. (XNAS:COCH)
 (\$ in thousands, except per share data)

Fiscal Year	9% Growth->													
	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E	2040E
Revenue	11,200	40,320	104,960	176,640	253,440	375,200	474,600	568,400	619,556	675,316	736,094	802,343	874,554	953,264
(-) Cost of Goods Sold	(5,040)	(18,144)	(47,232)	(79,488)	(114,048)	(168,840)	(213,570)	(255,780)	(278,800)	(303,892)	(331,243)	(361,054)	(393,549)	(428,969)
Gross Profit	6,160	22,176	57,728	97,152	139,392	206,360	261,030	312,620	340,756	371,424	404,852	441,289	481,005	524,295
(-) Research & Development	(840)	(2,016)	(3,149)	(4,416)	(7,500)	(7,500)	(7,500)	(7,500)	(8,175)	(8,911)	(9,713)	(10,587)	(11,540)	(12,578)
(-) Selling, General, & Administrative	(5,600)	(20,160)	(52,480)	(88,320)	(101,376)	(150,080)	(189,840)	(227,360)	(247,822)	(270,126)	(294,438)	(320,937)	(349,822)	(381,305)
EBIT	(280)	-	2,099	4,416	30,516	48,780	63,690	77,760	84,758	92,387	100,701	109,765	119,643	130,411
(-) Taxes	-	-	-	(307)	(11,767)	(18,467)	(23,938)	(29,100)	65,264	71,138	77,540	84,519	92,125	100,417
EBIAT (NOPAT)	(280)	-	2,099	4,109	18,749	30,313	39,752	48,660	150,022	163,524	178,242	194,283	211,769	230,828
(+) Depreciation & Amortization	1,000	1,500	2,000	2,500	3,000	3,000	3,000	3,000	3,270	3,564	3,885	4,235	4,616	5,031
(-) Δ Net Working Capital	(2,850)	(594)	1,369	(1,716)	(3,734)	(618)	(6,411)	(4,500)	(4,590)	(4,681)	(4,775)	(4,871)	(4,968)	(5,067)
(-) Capital Expenditures	(168)	(605)	(1,574)	(2,650)	(3,500)	(3,500)	(3,500)	(3,500)	(3,658)	(3,822)	(3,994)	(4,174)	(4,362)	(4,558)
Unlevered Free Cash Flows	(2,298)	301	3,894	2,243	14,515	29,195	32,841	43,660	145,045	158,585	173,358	189,474	207,055	226,234
PV of Unlevered FCF	(1,689)	191	2,139	1,066	5,962	10,369	10,086	11,594	33,302	31,483	29,757	28,121	26,571	25,103
Discount Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Discount Factor	0.73	0.64	0.55	0.48	0.41	0.36	0.31	0.27	0.23	0.20	0.17	0.15	0.13	0.11

Exit Multiple Method	
Terminal year EBITDA	135,443
Exit Multiple	30.0x
Terminal Value	4,063,278
PV of UFCF	188,873
PV of TV	397,817
Enterprise Value	586,690
Bull Case PMA Approval Probability (%)	75%
Probability Aligned Enterprise Value	440,018
(-) Total Debt	-
(-) Minority Interest	-
(+) Cash & Equivalents	0
Equity Value	440,018
(/) FDSO	41.647
Implied Share Price	\$ 10.57
Implied Upside	1,237.4%

BULLISH PMA APPROVAL PROBABILITY						
Exit Multiple	\$ 13.57	50%	60%	75%	90%	100%
7.5x	2.3	3.3	5.2	7.5	9.2	
15.0x	3.1	4.5	7.0	10.1	12.4	
22.5x	3.9	5.6	8.8	12.6	15.6	
30.0x	4.7	6.8	10.6	15.2	18.8	
37.5x	5.5	7.9	12.4	17.8	22.0	
45.0x	6.3	9.1	14.1	20.4	25.2	
52.5x	7.1	10.2	15.9	23.0	28.3	

BEARISH PMA APPROVAL PROBABILITY						
Exit Multiple	\$ 13.57	10%	20%	25%	40%	50%
7.5x	0.09	0.37	0.58	1.48	2.31	
15.0x	0.12	0.50	0.78	1.99	3.10	
22.5x	0.16	0.62	0.97	2.50	3.90	
30.0x	0.19	0.75	1.17	3.01	4.70	
37.5x	0.22	0.88	1.37	3.51	5.49	
45.0x	0.25	1.01	1.57	4.02	6.29	
52.5x	0.28	1.13	1.77	4.53	7.08	

Weighted Average Cost of Capital	
Total debt to Total capitalization	0.00%
Cost of Debt	10.00%
Cost of Equity	15.65%
WACC	15.65%

BASE PMA APPROVAL PROBABILITY						
Exit Multiple	\$ 13.57	25%	40%	50%	60%	75%
7.5x	0.6	1.5	2.3	3.3	5.2	
15.0x	0.8	2.0	3.1	4.5	7.0	
22.5x	1.0	2.5	3.9	5.6	8.8	
30.0x	1.2	3.0	4.7	6.8	10.6	
37.5x	1.4	3.5	5.5	7.9	12.4	
45.0x	1.6	4.0	6.3	9.1	14.1	
52.5x	1.8	4.5	7.1	10.2	15.9	

Implied Share Price is ~\$10, equivalent to >1000% upside over the next 24 months as the stock trades accordingly to its future cash flows. Due to the nature of pending approvals, on top of the already applied approval-probability discount factor, I add a 50% margin of safety to factor in short-term capital raising requirements and historical stock sentiment. **This brings me a ~\$5 price target, which I think is truly achievable as results come through.** See Base and Bear Case approval probabilities still relatively imply there is upside value in the stock.

Investment Risks

Envoy Medical investment comes with significant risks, mainly attributable to any company in the FDA-Trial stages. There are some particular company-specific risks Envoy sees that would increase the investment risk.

- *Envoy Medical is, of course, **subject to clinical-trial risk** as nearly all future revenues of the company are directly tied to its Acclaim Implant. The Acclaim Implant is still in trials and there is absolutely zero guarantee that the FDA will approve the implant. There is substantial evidence pointing to the odds being above 60% approval, but it is not a guarantee and a failed trial could result in bankruptcy claims.*
- *Even if the implant gets approved, **widespread adoption isn't guaranteed**, and my model resembles the picture that the Acclaim Implant will be grow exponentially. The company needs insurers to accept and reimburse the implanted devices, which is likely going to happen, but any reimbursement issues from insurers, and demand for Acclaim drops 99%.*
- *The **cochlear-implant market is quite established** with players like MED-EL, Sonova, and Cochlear Limited, all with strong distribution networks, brand reputation, and clinic relationships. Though Envoy has a unique product, they are currently ~1/1000th the size of these companies, implying the difficulties they may face in establishing market share.*
- *Post-market liability and **safety risks will remain an ongoing risk** for Envoy even after deployment. Device failures, long-term complications, and recall risk all pose a threat to Envoy Medical's future revenues through higher perceived risk of the implant, lawsuits, and reputational damages.*
- *Even with a successful launch, in the short-term, **Envoy will be extremely reliant on a small product pipeline**. With only one product being sold on a large-scale, they become vulnerable to heavy downside risk based on one product underperforming.*
- *One large risk I see specific to Envoy Medical is their **limited cash**. The company is currently burning upwards of \$10-\$15M a year with 0 meaningful revenue. The company will particularly need significant capital for 2026 and 2027 as the company marches to the end of clinical trials and prepares for commercialization. This will bring need for dilution and unfavorable capital raising techniques if they can't find alternative, private investment.*
- *Another area to keep your eye on with Envoy is there frequent mentions of COCH, the stock ticker. The CEO **brings up the stock price often** on interviews, investor presentations, and other company-related events. The company's LinkedIn profile and other social media presences also include the ticker. This is not necessarily a red flag and can make a lot of sense for a company in need of capital, like Envoy, but something to watch.*

Management



CEO

Brent T. Lucas
 2007-



- Two decades of direct experience with implanted medical devices specific to the hearing industry.
- Long-term shareholder in the Company dating back to his parents' first investment in St. Croix Medical in 1995.
- Deep personal commitment to the organization.



V.P Gen. Counsel

Karen Simonson
 2023-



- 20+ years of diverse in-house counsel experience supporting clinical, regulatory, sales, marketing, compliance, R&D, and more at small and large companies.
- Began legal career over 25 years ago in commercial litigation, but over last 15+ years has focused on medical device industry.



V.P of R&D

Thomas Hoegh
 2022-



- Over 30 years of experience in the medical device industry, specializing in the development of active implantable devices, including neuromodulation systems.
- Led engineering teams at Nuvectra, ICU/Smiths Medical, Medtronic, and Apex Medical.

COCHLEAR IMPLANT ADVISORY BOARD



Who Are We?

Audiologists

 **Jannine "Jan" Larky, M.A.** | Stanford Ear Institute (Palo Alto, CA)


 **Dr. Aniket Saoji, Ph.D.** | Mayo Clinical (Rochester, MN)


 **Dr. Melissa Hall, Au.D.** | University of Florida (Gainesville, FL)


 **Dr. Camille Dunn, Ph.D.** | University of Iowa (Iowa City, IA)


Surgeons

 **Dr. Colin L. Driscoll, M.D.** | Mayo Clinic (Rochester, MN)


 **Dr. Elizabeth "Liz" Toh, M.D.** | Lahey Hospital & Medical Center (Boston, MA)


 **Dr. Theodore "Ted" McRackan, MD** | Medical University of South Carolina (Charleston, South CA)


 **Dr. John Kveton, M.D.** | Ear Nose and Throat Medical and Surgical Group, LLC (New Haven, CT)


 **Dr. Jack Shohet, M.D.** | Shohet Ear Associates Medical Group, Inc. (Seal Beach, CA)


*Envoy Medical Investor Presentation**

Board of Directors

ENVOY MEDICAL, INC. Board of Directors



Chuck Brynelsen
 Independent Director,
 Board Chair

- Most recently serving as Senior VP and President of Abbott Vascular from 2017 to 2021.
- Since 2015 he has also been a Venture Partner of SpringRock Ventures, an investment firm that focuses on digital health, devices, services.
- Served on private companies boards of directors, including Alebra Technologies since 2010 and Neuspera Medical from 2022 to 2023.
- Served as SVP and President of Medtronic Early Technologies from 2015 to 2016, as the Global President of Covidien Early Technologies from 2013 to 2015, and as the CEO of IntraPace from 2005 to 2012.
- MBA from Kellogg School of Management at Northwestern University and his BA from Bradley University.



Susan Kantor
 Independent Director,
 Audit Committee Chair

- An Advisory Partner for PwC from 2011 to 2016, a Partner and CFO & Treasurer of PRTM Management Consultants from 1997 to 2011.
- Previously a CFO at corporate strategy and operations consulting firms Monitor Group and BCG, as well as Parexel International, a CRO.
- Board member and Audit Committee chair of Anzu, Teknor Apex Company, a \$1.2 billion dollar privately-held material science company, Guest Services Inc., a privately-held hospitality company, and the International Council on Clean Transportation.
- Ex-board director and the Audit Committee Chair for Lionbridge Technologies Inc. when it was a \$550 million publicly-held company. Sold to private equity in 2016.
- Bachelor's degree from Grove City College in Accounting and Business Administration and her CPA in MA.



Janis Smith-Gomez
 Independent Director,
 NomGov Committee Chair

- Over 30 years of executive experience at Johnson & Johnson, Mars, Kraft and PepsiCo.
- Most recent role with 3&J, Janis led the brand identity efforts to evolve the \$27B medical devices business into a leading patient-centered, customer-focused, digitally powered MedTech innovator.
- Previously accountable P&L owner of businesses as large as \$3B, managing budgets from \$10M to \$215M.
- On non-profit boards of New York Academy of Medicine and Black Public Media.
- Graduate of University of Chicago with an MBA in Marketing & Business Policy and a Bachelor's degree in Business.



Michael Crowe
 Independent Director

- Michael Crowe is currently SVP Operations at Bioventus. In this role he oversees Operations, Supply Chain, Customer Service, Data Integrity, Facilities, Sustaining Engineering, and the Office of Project Management & Alliances reporting to him.
- Began his career at General Electric, and has served in management at medical device powerhouses Johnson & Johnson, Covidien Surgical Devices (now part of Medtronic), and Abbott Vascular.
- Holds a BS in electrical engineering from the University of Louisville and an MBA from Duke.
- Certified master black belt in Six Sigma and lean manufacturing and is a trained facilitator and continuous improvement champion.



Mona Patel
 Independent Director,
 Compensation Committee Chair

- Over 30 years of experience in medical devices in marketing, market development, clinical education and mergers and acquisitions.
- Former VP of Marketing and Clinical Education at Boston Scientific in their neuromodulation division where she helped build the start-up into a market leader with ~\$1B in sales.
- Introduced the first rechargeable spinal cord stimulator into a market and helped convert the market from non-rechargeables to rechargeables.
- Launched the first rechargeable in Deep Brain Stimulation for Parkinson's.
- BSE in Mechanical Engineering from the University of Michigan and an MBA from the Wharton School of Business.



Brent Lucas
 CEO of Envoy Medical

- Served as CEO of Envoy for the past seven years and brings over 15 years of experience in the active implantables in the hearing health industry.
- Served in various roles with Envoy and gained a tremendous amount of specialized experience, working his way up from an intern to CEO.
- Received his bachelor's degree from the University of St. Thomas and Juris Doctor degree from the Mitchell Hamline School of Law.



Nasdaq: COCH

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Envoy Medical Investor Presentation* 27

See Appendix below. None of this report is financial advice.



Appendix

Base Case Balance Sheet

Envoy Medical Balance Sheet											
<i>dollar values in thousands</i>											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current Assets:											
Cash	\$ 5,483.00	\$ (3,271.57)	\$ (17,755.13)	\$ (4,041.67)	\$ 7,439.81	\$ 2,589.20	\$ (4,112.88)	\$ 5,042.28	\$ 38,822.89	\$ 90,143.37	\$ 149,249.57
Accounts Receivable	\$ 38.00	\$ 14.00	\$ 14.00	\$ 784.00	\$ 1,960.00	\$ 4,748.80	\$ 9,049.60	\$ 13,843.20	\$ 18,368.00	\$ 24,647.00	\$ 29,057.00
Other Receivable	\$ 780.00	\$ 500.00	\$ 450.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	\$ 1,708.00	\$ 1,500.00	\$ 1,500.00	\$ 1,600.00	\$ 1,120.00	\$ 2,800.00	\$ 6,784.00	\$ 12,928.00	\$ 19,776.00	\$ 26,240.00	\$ 35,210.00
Other	\$ 1,375.00	\$ 1,250.00	\$ 1,300.00	\$ 1,200.00	\$ 560.00	\$ 1,356.80	\$ 2,585.60	\$ 3,955.20	\$ 5,248.00	\$ 7,042.00	\$ 8,302.00
Total Current Assets	\$ 9,384.00	\$ (7.57)	\$ (14,491.13)	\$ (457.67)	\$ 11,079.81	\$ 11,494.80	\$ 14,306.32	\$ 35,768.68	\$ 82,214.89	\$ 148,072.37	\$ 221,818.57
Non-Current Assets:											
PP&E (Net)	\$ 1,275.00	\$ 2,255.00	\$ 3,230.00	\$ 4,230.00	\$ 4,398.00	\$ 4,818.00	\$ 5,835.60	\$ 7,774.80	\$ 11,274.80	\$ 14,774.80	\$ 18,274.80
Operating Lease right-of-use Assets	\$ 879.00	\$ 896.58	\$ 914.51	\$ 932.80	\$ 951.46	\$ 970.49	\$ 989.90	\$ 1,009.69	\$ 1,029.89	\$ 1,050.49	\$ 1,071.50
Total Assets	\$ 11,538.00	\$ 3,144.01	\$ (10,346.61)	\$ 4,705.13	\$ 16,429.26	\$ 17,283.29	\$ 21,131.81	\$ 44,553.17	\$ 94,519.58	\$ 163,897.66	\$ 241,164.87
Current Liabilities:											
Accounts Payable	\$ 1,652.00	\$ 1,975.00	\$ 2,350.00	\$ 1,120.00	\$ 2,800.00	\$ 6,784.00	\$ 12,928.00	\$ 19,776.00	\$ 26,240.00	\$ 35,210.00	\$ 41,510.00
Accrued Expenses	\$ 4,416.00	\$ 4,000.00	\$ 4,250.00	\$ 3,500.00	\$ 1,176.00	\$ 2,754.30	\$ 5,203.52	\$ 6,408.36	\$ 8,331.40	\$ 10,999.98	\$ 12,874.23
Operating Lease Liability	\$ 143.00	\$ 144.43	\$ 145.87	\$ 147.33	\$ 148.81	\$ 150.29	\$ 151.80	\$ 153.32	\$ 154.85	\$ 156.40	\$ 157.96
Total Current Liabilities	\$ 6,211.00	\$ 6,119.43	\$ 6,745.87	\$ 4,767.33	\$ 4,124.81	\$ 9,688.60	\$ 18,283.32	\$ 26,337.68	\$ 34,726.25	\$ 46,366.37	\$ 54,542.19
Non-Current Liabilities:											
Long-Term Debt	\$ 600.00	\$ -	\$ 5,000.00	\$ 10,000.00	\$ 20,000.00	\$ 20,000.00	\$ 18,000.00	\$ -	\$ -	\$ -	\$ -
Operating Lease Liability	\$ 802.00	\$ 761.90	\$ 723.81	\$ 687.61	\$ 653.23	\$ 620.57	\$ 589.54	\$ 560.07	\$ 532.06	\$ 505.46	\$ 480.19
Other	\$ 891.00	\$ 846.45	\$ 804.13	\$ 763.92	\$ 725.73	\$ 689.44	\$ 654.97	\$ 622.22	\$ 591.11	\$ 561.55	\$ 533.47
Total Liabilities	\$ 8,504.00	\$ 7,727.78	\$ 13,273.81	\$ 16,218.87	\$ 25,503.77	\$ 30,998.61	\$ 37,527.83	\$ 27,519.96	\$ 35,849.42	\$ 47,433.38	\$ 55,555.85
Shareholder's Equity / Deficit	\$ 3,034.00	\$ (4,583.77)	\$ (23,620.42)	\$ (11,513.73)	\$ (9,074.50)	\$ (13,715.32)	\$ (16,396.01)	\$ 17,033.21	\$ 58,670.16	\$ 116,464.27	\$ 185,609.02
Total Liabilities and Stockholder's Equity	\$ 11,538.00	\$ 3,144.01	\$ (10,346.61)	\$ 4,705.13	\$ 16,429.26	\$ 17,283.29	\$ 21,131.81	\$ 44,553.17	\$ 94,519.58	\$ 163,897.66	\$ 241,164.87
Shares Outstanding	21,330.00	28,790.00	32,790.00	42,790.00	46,790.00	46,790.00	50,790.00	54,790.00	54,790.00	54,790.00	54,790.00
Net Working Capital	\$ (4,322.00)	\$ (4,461.00)	\$ (5,086.00)	\$ (2,236.00)	\$ (896.00)	\$ (1,989.50)	\$ (2,297.92)	\$ 586.84	\$ 3,572.60	\$ 4,677.03	\$ 9,882.78

Assumptions	
Accounts Receivable % of Revenue	7.0%
Inventory % of Revenue	10.0%
Accounts Payable % of Revenue	10.0%
Accrued Expenses % of OpEx	7.0%
Other CA/CL % of Revenue	2.0%
Lease Rights (Asset) Growth Rate	2.0%
Lease Rights (CL) Growth Rate	1.0%
Assumed Share Price for Equity Raising	\$ 1.25

Base Case DCF

Discounted Cash Flow Analysis														
Envoy Medical, Inc. (XNAS:COCH)														
<i>(\$ in thousands, except per share data)</i>														
Projection of Unlevered Free Cash Flows														
Fiscal Year	9% Growth->													
	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E	2040E
Revenue	11,200	28,000	67,840	129,280	197,760	262,400	352,100	415,100	452,459	493,180	537,567	585,948	638,683	696,164
(-) Cost of Goods Sold	(5,320)	(13,300)	(32,224)	(61,408)	(93,936)	(124,640)	(167,248)	(197,173)	(214,918)	(234,261)	(255,344)	(278,325)	(303,374)	(330,678)
Gross Profit	5,880	14,700	35,616	67,872	103,824	137,760	184,853	217,928	237,541	258,920	282,222	307,622	335,308	365,486
(-) Research & Development	(840)	(1,400)	(2,035)	(3,232)	(7,500)	(7,500)	(7,500)	(7,500)	(8,175)	(8,911)	(9,713)	(10,587)	(11,540)	(12,578)
(-) Selling, General, & Administrative	(6,160)	(15,400)	(37,312)	(71,104)	(84,048)	(111,520)	(149,643)	(176,418)	(192,295)	(209,602)	(228,466)	(249,028)	(271,440)	(295,870)
EBIT	(1,120)	(2,100)	(3,731)	(6,464)	12,276	18,740	27,710	34,010	37,071	40,407	44,044	48,008	52,329	57,038
(-) Taxes	-	-	-	-	(6,727)	(9,639)	(13,679)	(16,518)	28,545	31,114	33,914	36,966	40,293	43,919
EBIAT (NOPAT)	(1,120)	(2,100)	(3,731)	(6,464)	5,549	9,101	14,031	17,492	65,615	71,521	77,958	84,974	92,622	100,958
(+) Depreciation & Amortization	1,000	1,500	2,000	2,500	3,000	3,000	3,000	3,000	3,270	3,564	3,885	4,235	4,616	5,031
(-) Δ Net Working Capital	(2,850)	(1,340)	1,094	308	(2,885)	(2,986)	(1,104)	(5,206)	(5,310)	(5,416)	(5,524)	(5,635)	(5,748)	(5,863)
(-) Capital Expenditures	(168)	(420)	(1,018)	(1,939)	(3,500)	(3,500)	(3,500)	(3,500)	(3,658)	(3,822)	(3,994)	(4,174)	(4,362)	(4,558)
Unlevered Free Cash Flows	(3,138)	(2,360)	(1,655)	(5,595)	2,164	5,615	12,426	11,787	59,918	65,847	72,324	79,400	87,128	95,568
PV of Unlevered FCF	(1,628)	(1,059)	(642)	(1,876)	628	1,408	2,694	2,209	9,711	9,227	8,763	8,318	7,893	7,485
Discount Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Discount Factor	0.92	0.85	0.79	0.73	0.68	0.63	0.59	0.55	0.51	0.47	0.43	0.40	0.37	0.34

WACC: 15.65%

BULLISH PMA APPROVAL PROBABILITY					
Exit Multiple	50%	60%	75%	90%	100%
\$ 2.87	0.9	1.3	2.0	2.9	3.6
7.5x	1.3	1.8	2.8	4.1	5.0
15.0x	1.6	2.3	3.7	5.3	6.5
22.5x	2.0	2.9	4.5	6.4	8.0
30.0x	2.4	3.4	5.3	7.6	9.4
37.5x	2.7	3.9	6.1	8.8	10.9
45.0x	3.1	4.4	6.9	10.0	12.3

BASE PMA APPROVAL PROBABILITY					
Exit Multiple	25%	40%	50%	60%	75%
\$ 2.87	0.2	0.6	0.9	1.3	2.0
7.5x	0.3	0.8	1.3	1.8	2.8
15.0x	0.4	1.0	1.6	2.3	3.7
22.5x	0.5	1.3	2.0	2.9	4.5
30.0x	0.6	1.5	2.4	3.4	5.3
37.5x	0.7	1.7	2.7	3.9	6.1
45.0x	0.8	2.0	3.1	4.4	6.9

BEARISH PMA APPROVAL PROBABILITY					
Exit Multiple	10%	20%	25%	40%	50%
\$ 2.87	0.04	0.14	0.22	0.57	0.90
7.5x	0.05	0.20	0.32	0.81	1.26
15.0x	0.07	0.26	0.41	1.04	1.63
22.5x	0.08	0.32	0.50	1.27	1.99
30.0x	0.09	0.38	0.59	1.51	2.36
37.5x	0.11	0.44	0.68	1.74	2.72
45.0x	0.12	0.49	0.77	1.97	3.09

Appendix

Insider Transactions

Number of Insider Trades

Insider Trade	3 Months	12 Months
Number of Open Market Buys	0	8
Number of Sells	0	1
Total Insider Trades	0	9

Number of Insider Shares Traded

Insider Trade	3 Months	12 Months
Number of Shares Bought	0	1,133,933
Number of Shares Sold	0	2,028,986

Insider	Relation	Last Date	Transaction	Owner Type	Shares Traded	Price	Shares Held
PATEL MONA CHETAN	Director	6/11/2025	Buy	Direct	2,500	\$1.47	20,000
PATEL MONA CHETAN	Director	6/06/2025	Buy	Direct	10,000	\$1.46	17,500
LUCAS BRENT T.	Officer	5/30/2025	Acquisition (Non Open Market)	Direct	7,742	\$1.29	216,485
BRYNELSEN CHARLES	Director	5/27/2025	Buy	Direct	35,000	\$1.65	50,000
BRYNELSEN CHARLES	Director	5/23/2025	Buy	Direct	13,000	\$1.64	15,000
BRYNELSEN CHARLES	Director	5/22/2025	Buy	Direct	2,000	\$1.68	2,000
ANZU SPAC GP I LLC	Beneficial Owner (10%)	12/23/2024	Disposition (Non Open Market)	Direct	2,028,986	\$0.00	0
KANTOR SUSAN	Director	12/23/2024	Acquisition (Non Open Market)	Direct	34,705	\$0.00	77,887