Interview: Daniel Sennheiser and Dr. Andreas Sennheiser

Fiscal year 2017 was challenging for Sennheiser: although turnover remained stable, earnings were in negative territory. How did that happen?

DANIEL SENNHEISER: Both in the consumer and professional segments, we have been experiencing very intense competition for many years and are operating in a market that is changing very quickly. We felt this in 2017 on the earnings side. We therefore took a close look at the role that we as a family business can and want to play. Based on this analysis, we determined and introduced the necessary structures and projects. The resulting restructuring costs also had a negative impact on earnings development.

ANDREAS SENNHEISER: Above all, we asked ourselves: what will our customers need in one, three or even five years? These considerations played a role in the overhaul of our strategy and product road maps. At the same time, this process gave us insight as to which internal structures are necessary for the realization of our goals. In the future, we will be able to take on competition even better and go to market faster with better products.

What specific measures has Sennheiser taken?

DANIEL SENNHEISER: 2017 was definitely a year of focus for us. We are now concentrating on a few areas with clear structures and responsibilities. That way we can work faster and more successfully. However, this focus also meant that certain areas of responsibility became redundant and that we unfortunately had to let some employees go. Although this phase was not easy for anyone involved, since a change of this nature is also associated with uncertainty and stress, it proved one of Sennheiser’s strengths: we have a strong team spirit and a commitment to pull together, even in difficult situations. The way I see it, this attitude confirms that we will continue to be successful in the future.

ANDREAS SENNHEISER: We have adjusted our organizational structure and strengthened our Consumer and Professional Divisions by integrating general functions such as sales, marketing and product management in the organizational units. This focus enables us to position ourselves successfully for the future and to secure a sustainable growth.

What are the customer benefits resulting from this focused set-up?

DANIEL SENNHEISER: As a company, we were already very customer-oriented, and we want to focus even more on this now. With new products, better service and tailored solutions, we are making sure that we fully satisfy customers.

ANDREAS SENNHEISER: There are two very specific areas that we are expanding: one of them is joint product development with the customer. With the AMBEO VR Mic, we have proven that this is exactly the right approach. We are now consistently following this path and involving our customers in development at an extremely early stage. In addition, we are very much oriented towards social and user trends in the consumer segment. Our products therefore allow us to significantly simplify interaction between technology and humans.

What else is Sennheiser doing to strengthen its position for the future?

DANIEL SENNHEISER: Of course, we are continuing to place a focus on the quality of our products. Reliability and longevity are still extremely important factors – for us and especially for our customers. We do not make any compromises here.

ANDREAS SENNHEISER: We are also promoting research into new technologies, also in collaboration with other companies. It is important to define exactly what we can do well, what we do ourselves and what others can take over. Augmented reality is a nice example of this. We work on sound – but in the end, that’s just one level of many. The experience is composed of image, sound, software and many other factors. So here we work not only with individual companies, but with entire networks in order to give the customer a completely new experience.

What specific measures has Sennheiser taken?

ANDREAS SENNHEISER: We have adjusted our organizational structure and strengthened our Consumer and Professional Divisions by integrating general functions such as sales, marketing and product management in the organizational units. This focus enables us to position ourselves successfully for the future and to secure a sustainable growth.

DANIEL SENNHEISER: 2017 was definitely a year of focus for us. We are now concentrating on a few areas with clear structures and responsibilities. That way we can work faster and more successfully. However, this focus also meant that certain areas of responsibility became redundant and that we unfortunately had to let some employees go. Although this phase was not easy for anyone involved, since a change of this nature is also associated with uncertainty and stress, it proved one of Sennheiser’s strengths: we have a strong team spirit and a commitment to pull together, even in difficult situations. The way I see it, this attitude confirms that we will continue to be successful in the future.
To what extent does AMBEO contribute to the positive development of the Sennheiser business?

ANDREAS SENNHEISER: AMBEO opens up new and diverse business fields, whether it’s live concert broadcasts, 3D recording or 3D audio at home with the Soundbar, which we presented at CES. Another nice example is the transmission of sports events, where we have very sophisticated image technologies, but the sound lags behind in many places. In the future, combining a three-dimensional audio experience with a 4K television or even virtual reality will let viewers be part of the action rather than just watching it. That’s exactly what AMBEO is about: a sound experience that is no different from reality.

DANIEL SENNHEISER: Sennheiser has a unique selling point here: we are the only company that can reproduce 3D audio from recording to production to reproduction. That’s why we want to invest significantly more in all areas.

Sennheiser tested the use of AMBEO technology for live concerts at the Jazz Club Moods in Zurich. How was your experience there?

DANIEL SENNHEISER: Very positive. At Moods, we had the opportunity to test not only our hardware but also the technical processes under live conditions. We also saw how this technology is received and what we still need to work on. What do customers really want to hear? A stronger focus on the instruments? Or should the atmosphere in the club be highlighted? All these are questions that we clarify in close consultation with our customers and issues on which we seek their feedback. This is another example of how we continue to learn more about our customers.

What products, projects or partnerships can we expect from Sennheiser in 2018?

ANDREAS SENNHEISER: The trend toward wireless products will continue. So we are building on 2017, when most of our new launches in the consumer segment were already wireless. I would also like to highlight Digital 6000 in the professional segment. Despite having already been on the market for two years now, demand continues to rise massively. This year’s Eurovision Song Contest was once again equipped with D 6000 series wireless microphones.

DANIEL SENNHEISER: We have already announced or even launched quite a few products. Evolution wireless G4 definitely deserves a mention. The fourth generation of the successful series hit the ground running. We are also celebrating 20 years of evolution microphones with the Mic of the Month: every month, we present a certain microphone in detail. In the consumer segment, we have some exciting new products such as the HD 820. Furthermore, we continue to work on the AMBEO 3D Soundbar, which brings the immersive 3D sound into the customers’ homes for the first time. We unveiled a prototype at CES 2018.

In your honest opinion, will 3D audio truly prevail?

DANIEL SENNHEISER: Yes, 3D audio will come, but the question is when. Like with the transition from mono to stereo, the change will not happen overnight. The customer defines the timing here. It is therefore important to have a long-term perspective. As an independent family-owned company, we have it.
Jazz meets AMBEO

Experience the magic of a live concert at home

“The transition from stereo to AMBEO is indeed a leap for how we experience content and can be moved by it. The result is striking and goose bumps are guaranteed, provided of course that the AMBEO content is crafted by talented creators with space in mind and the appropriate tools in their hands.” Véronique Larcher, Co-Director AMBEO
Véronique Larcher, Co-Director AMBEO at Sennheiser, agrees: “Jazz enthusiasts are critical listeners. This is important for us as it means we get articulate feedback on the nature of enhancement provided by AMBEO for those experiencing a streamed concert.” Almost every night, the world-renowned Jazz Club Moods hosts concerts of various genres of music. “Such variety provides a fantastic playground to stretch the AMBEO tools, allowing us to discover new ways to further develop them to meet different scenarios we encounter,” she adds. One result of the test concerts has been the discovery of new use cases for the Neumann KU 100, the flagship microphone for binaural recordings of acoustic instruments. And for electronic instruments or amplifiers, special software tools have been developed to bring these sounds perfectly into a 3D mix.

Behind the commitment to the AMBEO 3D audio program lies a simple equation: better technology plus 3D sound artistry creates more emotion. The home-concertgoers simply put on their headphones and find themselves in the middle of Moods between saxophone solos, drum fills and applauding spectators. And this immersive audio experience will soon be available without headphones as well: at the CES 2018, Sennheiser presented a prototype of the AMBEO 3D Soundbar, which enables immersive sound experiences in one’s own home – with no need for a subwoofer or additional speakers. Véronique Larcher: “Sennheiser is a thought leader in this field of 3D audio and we will continue to foster creative and interactive applications to demonstrate it.”

Live concerts exert a special fascination: being there the moment music is created and feeling it in the space around you. Witnessing spontaneous jams that reinterpret a track in a way that only exists for that one show. When, as a fan, you become fully immersed in the sound of your favorite band and feel a pure thrill of excitement.

Sennheiser is partnering with Zurich’s Jazz Club Moods to bring this concert magic into the living room, thanks to AMBEO 3D audio. As part of a series of tests from September 2017 to April 2018, selected gigs were streamed live in 3D binaural audio – offering a completely new, immersive concert experience for fans at home or on the go. “Letting our online guests experience a concert live as if they had a seat on the stage itself – this is only made possible thanks to AMBEO 3D audio technology,” said Claudio Cappellari, Co-Director of Moods. “When recording jazz music, audio quality is a make-or-break factor for the listener’s experience.”
Sound has a decisive impact on experiencing music, but also media such as film or gaming. How can AMBEO enhance all these areas compared to stereo?

One of the essential benefits of AMBEO is to immerse the listeners in their content and by doing so transport them into a new world of sound. Feeling like you are inside the movie or inside the video game, for example, as if you are inside a car and surrounded by road traffic during a racing game: experiences like this create greater emotional impact and can be the key to faster reactions in interactive media.

What role do augmented reality and virtual reality as application areas for 3D sound play – both for Sennheiser and for users?

VR and AR are emblematic use cases for 3D audio. With virtual reality, 3D audio has evolved from its role in flat screen video production of “carrying 50 percent of the emotion” to being fundamental to the VR experience. Without 3D sound, VR just breaks. With augmented reality, audio regain the role nature gave our hearing in the first place, i.e. to be a sense with an unlimited “field of perception”. The current generation of AR glasses recently released features a visual field of view in the 70 to 90 degree range – far from the 175 degree field of view that our eyes provide. 3D audio is therefore in the important position of becoming a powerful interface for AR applications for the foreseeable future – as a way to compensate for, or “augment” the limited visual field.

What can be expected from the audio specialist in future in the field of AMBEO?

We will of course extend our forays in VR, for example with our first applications in augmented audio, the sound of AR. We define “augmented audio” as the use of sound to enhance human senses and improve our interaction with the world around us, for example, as with the AMBEO SMART HEADSET. Sennheiser is a thought leader in this field and we will foster creative and interactive applications to demonstrate it.
Chatting with legendary sound engineers and producers

From the Sapporo punkrock scene in Japan to being the sound engineer for American hip-hop greats like Pharrell Williams or Kendrick Lamar, Kenta Yonesaka has come a long way. Today, he works as a recording engineer at New York’s Germano Studios. Talking to Sennheiser, he describes his experience of the day-to-day studio life – and can’t help but laugh as he thinks back to his musical beginnings hunting Sapporo’s record shops for Bad Brains and Minor Threat CDs.

Yonesaka is featured in Sennheiser’s YouTube Pro Talk series, which interviews some of the most respected sound engineers and producers in the live sound and studio industry. The pros talk about their beginnings in the audio industry, the special challenges they encounter at the mixing desk and the recording equipment they would want to take with them if stranded on a desert island. The series also gets personal, exploring themes such as favorite records, studio quirks or their vision of the perfect sound for an LP. It’s a discussion format that has already received awards: at the NAMM 2018, Sennheiser’s Pro Talk was awarded the TEC Award in the Audio Education Technology category.

And industry professionals are well represented in the series, for example Manny Marroquin, producer of artists including Rihanna and John Mayer, or Prince Charles Alexander, producer and sound engineer of Mary J. Blige and Destiny’s Child. Or producer legend Al Schmitt, who has won more than 20 Grammys for his work with Henry Mancini, Ray Charles or Paul McCartney, to name a few. All videos are available on the Sennheiser YouTube channel: www.youtube.com/sennheiserofficial

“This series presents a brilliant opportunity to get to know some of the world’s most renowned live sound and studio engineers on a personal level,” says James Capparelle, Marketing Communications Manager at Sennheiser. “As well as being entertaining, the conversations between these experts and our artist relations team offer deep insights into an audio engineer’s life. This is especially helpful for those who are beginning their careers in audio and look up to industry experts.”

www.youtube.com/sennheiserofficial
Clear communication in an everyday working environment

Sennheiser Business Solutions: a portfolio for successful business communication

In the modern world of work, smooth communication is an important success factor. No matter where they are based, employees need to arrange brainstorming sessions, conferences or team meetings to exchange ideas with colleagues, customers or decision-makers. For this vital process to work at its best, the audio solutions used should fit seamlessly into the particular work environment – rather than making communication even more difficult.

For Sennheiser's own employees, poor audio quality and a complicated user experience during telephone conferences were not only a nuisance but a driver: "As an audio specialist, we asked ourselves: how can we improve the quality of transmission while also making business communication more user-friendly?" explained Andy Niemann, Director Business Communication at Sennheiser.

"Whether it’s solutions for meeting and conference or aids for presentations, our products are developed in close cooperation with our customers. So we can offer them a portfolio that is tailored to their needs and not only sounds excellent, but is also easy to use," said Niemann.
A new generation of ceiling microphone

With the second edition of the TeamConnect Ceiling microphone, Sennheiser presents a new version of its state-of-the-art audio solution, which provides even clearer communication for audio and video conferencing. The innovative beamforming technology allows the conference room to be used flexibly without manual configuration or placement of the microphones: the ceiling microphone recognizes the voice of the active speaker and automatically adjusts it to the focus, regardless of whether the speaker is sitting, standing or moving freely.

Four speakers in the corners of the room make the audio set-up complete.

The result is clear audio transmission in voice and video conferencing, which is made easy to use thanks to its plug-and-play philosophy. Dave Nish, Technology Manager at GP Bullhound, is convinced of the overall concept of TeamConnect Ceiling: “The aesthetics of the space are fully preserved with this solution and if we were not satisfied, we would return the product. But it is still here.”

One of these clients is the British investment bank GP Bullhound. For its London office, the company was looking for a conferencing solution with excellent sound quality that could be integrated unobtrusively and without major disruption to the meeting room infrastructure. Finally, the bankers found what they were looking for with Sennheiser’s TeamConnect Ceiling Microphone System: the conferencing solution’s 29 omnidirectional high-quality microphones automatically focus on the loudest voice in the room, following that individual continuously, while allowing them to move freely.

Four speakers in the corners of the room make the audio set-up complete.

The result is clear audio transmission in voice and video conferencing, which is made easy to use thanks to its plug-and-play philosophy. Dave Nish, Technology Manager at GP Bullhound, is convinced of the overall concept of TeamConnect Ceiling: “The aesthetics of the space are fully preserved with this solution and if we were not satisfied, we would return the product. But it is still here.”

One of these clients is the British investment bank GP Bullhound. For its London office, the company was looking for a conferencing solution with excellent sound quality that could be integrated unobtrusively and without major disruption to the meeting room infrastructure. Finally, the bankers found what they were looking for with Sennheiser’s TeamConnect Ceiling Microphone System: the conferencing solution’s 29 omnidirectional high-quality microphones automatically focus on the loudest voice in the room, following that individual continuously, while allowing them to move freely.

Four speakers in the corners of the room make the audio set-up complete.

The result is clear audio transmission in voice and video conferencing, which is made easy to use thanks to its plug-and-play philosophy. Dave Nish, Technology Manager at GP Bullhound, is convinced of the overall concept of TeamConnect Ceiling: “The aesthetics of the space are fully preserved with this solution and if we were not satisfied, we would return the product. But it is still here.”

One of these clients is the British investment bank GP Bullhound. For its London office, the company was looking for a conferencing solution with excellent sound quality that could be integrated unobtrusively and without major disruption to the meeting room infrastructure. Finally, the bankers found what they were looking for with Sennheiser’s TeamConnect Ceiling Microphone System: the conferencing solution’s 29 omnidirectional high-quality microphones automatically focus on the loudest voice in the room, following that individual continuously, while allowing them to move freely.

Four speakers in the corners of the room make the audio set-up complete.

The result is clear audio transmission in voice and video conferencing, which is made easy to use thanks to its plug-and-play philosophy. Dave Nish, Technology Manager at GP Bullhound, is convinced of the overall concept of TeamConnect Ceiling: “The aesthetics of the space are fully preserved with this solution and if we were not satisfied, we would return the product. But it is still here.”

One of these clients is the British investment bank GP Bullhound. For its London office, the company was looking for a conferencing solution with excellent sound quality that could be integrated unobtrusively and without major disruption to the meeting room infrastructure. Finally, the bankers found what they were looking for with Sennheiser’s TeamConnect Ceiling Microphone System: the conferencing solution’s 29 omnidirectional high-quality microphones automatically focus on the loudest voice in the room, following that individual continuously, while allowing them to move freely.

Four speakers in the corners of the room make the audio set-up complete.

The result is clear audio transmission in voice and video conferencing, which is made easy to use thanks to its plug-and-play philosophy. Dave Nish, Technology Manager at GP Bullhound, is convinced of the overall concept of TeamConnect Ceiling: “The aesthetics of the space are fully preserved with this solution and if we were not satisfied, we would return the product. But it is still here.”
Interview:
Getting to know Portugal. The Man

No matter how far you go, the journey never ends: following global success with their breakthrough hit, “Feel It Still”, Portugal. The Man are on a non-stop voyage of discovery and creation where the sparks of inspiration can be found in the smallest moments.
We catch up with bassist Zachary Carothers on the sacrifices they made for the band, how success changes less than you’d imagine but still opens doors: just like in 2017, when Portugal. The Man became Sennheiser MOMENTUM artists.

It is said that you wrote the global smash hit “Feel It Still” in just one hour – myth or truth?

ZACH: Pretty much, yeah, it was unbelievably quick. We were supposed to be working on “Live in the Moment” and when we took a break John just started playing around on bass. All very improvisational, which was the last thing we needed, but there you go. We started just kind of dancing around, it came out so naturally, and then we wrote that song in about an hour, maybe even a little less. Quite honestly it’s the easiest song we’ve ever done.

Does that success affect your song writing or future albums?

ZACH: No, we can’t try to do that. When something has the success that “Feel It Still” did, there’s no way to try to do that again. We try to write the best songs that we can, but it comes down to the audience and if they like it or not. We have always felt the pressure to write better songs and this just makes it more intense.

Shortly after founding the band you moved from Wasilla in Alaska to Portland, Oregon, as a conscious decision to move the band forward. Honestly, what else did you have to sacrifice during this time to follow your passion for music?

ZACH: Everything! I dropped out of college, I quit many well-paying jobs, lost girlfriends and apartments, left family behind, everything. We do everything for the band, and there’s not a day that goes by where I don’t think about work. We take Christmas off, but any other day we’re on call to do something at any time. You give up everything, but there’s nothing else we’d rather do.

On tour you travel a lot, get to know new cities, countries and cultures. How do you process these inspirations in your music?

ZACH: It’s all telling stories, you know. Inspiration comes from a little bit of everything. We’re very erratic with how we write, too. It’s never that we see something happen and then write a song about it. Every song is about a lot of different things and years of talking to people. You have to keep your eyes and ears open, you look and you learn, take pictures and meet people, you go to nice restaurants and you go to the shittiest bar in town – and somewhere in the middle is where you find meaning.

In developing the MOMENTUM series, Sennheiser was inspired by people who pursue their vision without compromise and never stop. Like Portugal. The Man. What does it mean for you to have MOMENTUM?

ZACH: It is keeping things rolling. It’s carrying on where you come from, where you’ve been and where you want to be and passing that along. Taking something familiar that you grew up on, putting it in your own words, doing it better, passing it along for future generations. That’s what it’s all about. The best thing that could happen to us is to eventually look back on our career, knowing that our music has inspired others and maybe they do it even better than we do.
On tour with Ed Sheeran

For many years, the name Ed Sheeran has been associated with every sort of superlative in the music business: celebrated as a megastar, the British singer-songwriter’s current album ÷ (Divide) rose to number one on the album charts in more than 20 countries and went nine times Platinum in the UK. Tours were often sold out seconds after announcing the dates.

But when it comes to stage equipment, Ed Sheeran is a minimalist. A microphone, a guitar and a loop station for superimposing several vocal and guitar tracks – that’s all he needs to enthuse millions of people at his concerts. That’s why he’s been using Sennheiser microphones since the beginning of his career. Since 2014, he has been performing with the Digital 9000 wireless series for vocals, loop vocals and guitar in combination with the 2000 series wireless monitor system.
"We had Ed’s guitar on a cable and DI box for four years, because I simply couldn’t find a wireless system that gave us the sound that we needed to deliver his performance," explains Chris Marsh, Production Manager, FOH and Monitor Technician. He has accompanied Sheeran for six years and knows exactly what the artist needs: “On first listening to the 9000 system, we discovered it was the most transparent sounding system we had ever heard. We were only meant to be checking it out on a soundcheck, but Ed and I both agreed we had to use it that night, and we have ever since.”

For Chris Marsh it is important to be able to rely on the support of the audio specialist during the tour: “Sennheiser has been very supportive of us. There have been times where we could not ship our rig, or were flying in to perform one-offs and they have always helped me source the equipment I need and been on hand for technical support 24/7.”
Financial Report
The Sennheiser Group generated turnover of €667.7 million in fiscal year 2017, which corresponds to a slight €9.3 million, or 1.4 percent, increase year on year.

Earnings before taxes for the Sennheiser Group declined compared to the previous year by €39.4 million to €-4.5 million. This includes restructuring costs of around €21.6 million, which are reported in the expenses as one-time effects.

Sennheiser took action at an early stage and developed its organization structure to counteract the decline in earnings and secure profitable growth in the long term, thereby positioning the family business successfully for the future. To this end, the two divisions, Consumer and Professional, were further strengthened by integrating general functions such as product management, marketing and sales into the organizational units.

The Professional Division generated turnover of €318.9 million in fiscal year 2017. This corresponds to a moderate increase of €2.6 million, or 0.8 percent, compared to the previous year. The Consumer Division generated turnover of €348.8 million in the past fiscal year, a slight increase of €6.7 million, or 2.0 percent, over the previous year.

Turnover in the APAC region amounted to €141.5 million in the year under review. That is €10.1 million, or 7.7 percent, more than in the previous year.

In the Americas region, turnover increased by €5.7 million, or 3.4 percent, year on year to €174.5 million.

The EMEA region recorded a decline in turnover of €6.5 million, or 1.8 percent, to €351.7 million.

The Sennheiser Group invested €57.8 million in research and development activities, which was 6.2 percent more than in the previous year. This area employed 416 people (previous year: 385).

The Sennheiser Group employed an average of 2,728 people in 2017 (previous year: 2,725), which corresponds to an increase of 0.1 percent. The number of trainees worldwide totaled 63, compared to 69 in the previous year.

In the future, the Professional Division will focus on strengthening core competencies such as wireless microphone technology; in the Consumer Division, the company will focus on ‘Smart & Connected’ audio experiences. An important component of both divisional strategies remains the AMBEO 3D audio technology program.
Dear Readers,

In fiscal year 2017, the Supervisory Board remained in close contact with the Executive Management Board of the Sennheiser Group, providing continuous support to the management of the company. The Executive Management Board complied with its obligations to keep the board informed at all times, enabling our regular and deep involvement in relevant questions of strategic orientation, planning, business situation, risk development and current issues for the group. The exchange was always characterized by transparency and openness. The Supervisory Board has examined the consolidated financial statements and the management report of the Executive Management Board in detail and approved them without reservation.

The Supervisory Board consisted of four members in fiscal year 2017. In addition to myself, they included Prof. Dr. Jörg Sennheiser, Andreas Dornbracht and Johann Söder. In the year under review, the Executive Management Board comprised Dr. Andreas Sennheiser, Daniel Sennheiser, Peter Clausen, Thomas Weinzierl and Steffen Heise until February 28, 2017. Since March 1, 2017, Peter Ogley has also been a member of the board.

In fiscal year 2017, four regular meetings of the Supervisory Board were held, at which all members were always represented in full.

The Sennheiser Group achieved a slight increase in turnover in fiscal year 2017, whereas earnings declined. In order to counteract the declining earnings trend and secure long-term profitable growth, Sennheiser has further developed its organizational structure and strengthened the divisions Professional and Consumer. The core business also includes sales and services for the product portfolio that is fully tailored to the current and future needs of users and business areas that also strengthen its core business. To achieve this goal, the company consistently focuses on its customers. Sennheiser therefore concentrates on providing a high-quality, efficient product portfolio that is fully tailored to the current and future needs of users and incorporates compelling innovations. In the Professional Division, core competencies such as wireless microphone technology will be strengthened further, while the company is focusing on “Smart & Connected” audio experiences in the Consumer Division. The AMBEO 3D audio technology program remains an important component of both divisional strategies.

In order to prepare products for launch more quickly, the audio specialist relies on internal research and development skills, strategic partnerships, targeted investments and in-house production capacities. The goal is to constantly tap into new markets, both geographically and in the form of new business areas.

In addition to Sennheiser electronic GmbH & Co. KG, 7 German and 24 foreign subsidiaries also belong to the Sennheiser Group. The joint venture Sennheiser Communications A/S in Copenhagen (Denmark), which specializes in headsets for PCs, offices and call centers, has existed since 2003.

Sennheiser's goal is to develop and expand leading positions in its business areas that also strengthen its core business. To achieve this goal, the company consistently focuses on its customers. Sennheiser therefore concentrates on providing a high-quality, efficient product portfolio that is fully tailored to the current and future needs of users and incorporates compelling innovations. In the Professional Division, core competencies such as wireless microphone technology will be strengthened further, while the company is focusing on “Smart & Connected” audio experiences in the Consumer Division. The AMBEO 3D audio technology program remains an important component of both divisional strategies.

In order to prepare products for launch more quickly, the audio specialist relies on internal research and development skills, strategic partnerships, targeted investments and in-house production capacities. The goal is to constantly tap into new markets, both geographically and in the form of new business areas.

Audio specialist Sennheiser is one of the world’s leading manufacturers of headphones, microphones and wireless transmission technology. The group conducts its own research, and it develops, produces and sells products for both professional and private consumers. Sennheiser is focused accordingly and divided into the Professional and Consumer Divisions.

Sennheiser electronic GmbH & Co. KG, headquartered in Wedemark, Germany, is the parent company of a globally active group with production sites in Wedemark (Germany), Tullamore (Ireland) and Albuquerque (USA). In Wedemark, Sennheiser chiefly manufactures wireless and wired microphones and microphone capsules, monitoring systems and headsets. The production of headphones as well as wireless microphones and monitoring systems takes place at the site in Albuquerque. The plant in Tullamore specializes in the production of headphone transducers. Product management, purchasing and part of product development for the consumer business are located in Singapore, in addition to Germany and the United States.

The core business also includes sales and services for the product portfolio. Sennheiser has 21 sales subsidiaries and long-standing trading partners in more than 50 countries that handle these activities. With the founding of Sennheiser Korea Ltd., the company expanded its global distribution network on October 1, 2017, and strengthened its sales activities, particularly in the Korean market.

The Supervisory Board is pleased that, in fiscal year 2017, the Supervisory Board continued to pursue the goal of shaping the future of audio. With this aim in mind, the company is focusing on innovative “Smart & Connected” audio experiences in the consumer segment while concentrating on wireless products in the professional segment. 3D audio remains an important strategic topic. The aim is to offer a comprehensive product portfolio under the name AMBEO that gives the user a more realistic, intense listening experience.

The Supervisory Board would like to thank the Executive Management Board and all employees of the Sennheiser Group for their commitment in a year marked by a variety of changes. Their work and passion are the foundation of the company’s success.

On behalf of the Supervisory Board
Wedemark, Germany, May 2018

Dr. Eng. Frank Heinricht
Chairman of the Supervisory Board
of Sennheiser electronic GmbH & Co. KG

In addition to Sennheiser electronic GmbH & Co. KG, 7 German and 24 foreign subsidiaries also belong to the Sennheiser Group. The joint venture Sennheiser Communications A/S in Copenhagen (Denmark), which specializes in headsets for PCs, offices and call centers, has existed since 2003.

Sennheiser's goal is to develop and expand leading positions in its business areas that also strengthen its core business. To achieve this goal, the company consistently focuses on its customers. Sennheiser therefore concentrates on providing a high-quality, efficient product portfolio that is fully tailored to the current and future needs of users and incorporates compelling innovations. In the Professional Division, core competencies such as wireless microphone technology will be strengthened further, while the company is focusing on “Smart & Connected” audio experiences in the Consumer Division. The AMBEO 3D audio technology program remains an important component of both divisional strategies.

In order to prepare products for launch more quickly, the audio specialist relies on internal research and development skills, strategic partnerships, targeted investments and in-house production capacities. The goal is to constantly tap into new markets, both geographically and in the form of new business areas.

Audio specialist Sennheiser is one of the world’s leading manufacturers of headphones, microphones and wireless transmission technology. The group conducts its own research, and it develops, produces and sells products for both professional and private consumers. Sennheiser is focused accordingly and divided into the Professional and Consumer Divisions.

Sennheiser electronic GmbH & Co. KG, headquartered in Wedemark, Germany, is the parent company of a globally active group with production sites in Wedemark (Germany), Tullamore (Ireland) and Albuquerque (USA). In Wedemark, Sennheiser chiefly manufactures wireless and wired microphones and microphone capsules, monitoring systems and headsets. The production of headphones as well as wireless microphones and monitoring systems takes place at the site in Albuquerque. The plant in Tullamore specializes in the production of headphone transducers. Product management, purchasing and part of product development for the consumer business are located in Singapore, in addition to Germany and the United States.

The core business also includes sales and services for the product portfolio. Sennheiser has 21 sales subsidiaries and long-standing trading partners in more than 50 countries that handle these activities. With the founding of Sennheiser Korea Ltd., the company expanded its global distribution network on October 1, 2017, and strengthened its sales activities, particularly in the Korean market.
Economic report

Overall business development

The global economy improved during 2017. Global industrial production was up 3.6 percent on the previous year. Sentiment indicators worldwide reflect growing optimism. The tax reform in the US should provide additional positive economic momentum at the national level. In the long term, however, it remains to be seen whether it will promote further growth and what effect the reform will have on international location competition. In the industrialized countries as a whole, the economic upswing continued. Among the emerging economies, China and India continued to show strong economic development. Russia and Brazil, whose economies weakened in 2016, overcame their recessions in the year under review.

In the euro area, the upswing also continued. The seasonally adjusted unemployment rate reached its lowest level since 2009. The departure of the United Kingdom from the European Union, however, continues to pose risks for the economy. In Germany, the upswing was based on a broad domestic and foreign-based basis in 2017. However, shortages of skilled workers were already noticeable in individual segments of the employment market.

Development of the industry

In fiscal year 2017, the German electronics industry once again developed positively. Both industry exports and sales volume reached new highs.

The industry gained new customers inside and outside the eurozone. China and the US remained the strongest consumer countries. As a result of the positive development, the German electronics industry also recorded increases in production volume, investments and research and development.

Business development

The Sennheiser Group generated turnover of €667.7 million in fiscal year 2017, which corresponds to a slight €9.3 million, or 1.4 percent, increase year on year. In particular, the APAC region, where the company made significant gains, contributed to this development.
Turnover by business division

The Professional Division generated turnover of €318.9 million in fiscal year 2017. This corresponds to a moderate increase of €2.6 million, or 0.8 percent, compared to the previous year.

The Consumer Division generated turnover of €348.8 million in the past fiscal year, for a slight increase of €6.7 million, or 2.0 percent, over the previous year.

Turnover by region

Turnover in the APAC region (Asia and Australia) amounted to €141.5 million in the year under review. This is €10.1 million, or 7.7 percent, more than in the previous year. This development was mainly driven by the consumer segment, which posted high growth rates in China and Australia.

In the Americas region (North, Central and South America), turnover increased by €5.7 million, or 3.4 percent, year on year to €174.5 million. The performance of the US dollar, which significantly depreciated in value against the euro over the course of the year, had a limiting effect.

Turnover in the EMEA region (Europe, Middle East and Africa) fell by €6.5 million, or 1.8 percent, to €351.7 million. Particularly in Germany, intensified competitive pressure became noticeable; turnover in the home region of the Sennheiser Group decreased by €3.6 million, or 3.5 percent, to €99.6 million.
Position of the Sennheiser Group

Results of operations:
Earnings before taxes for the Sennheiser Group fell significantly in 2017 compared to the previous year: by €39.4 million to €-4.5 million. This includes restructuring costs of €21.6 million, which led to an increase in other operating expenses and depreciation of fixed assets. In conjunction with the slight increase in personnel expenses, this contributed to the negative development of earnings.

Despite a slight increase in turnover of €9.3 million to €667.7 million, earnings before taxes therefore fell short of expectations. To counteract the declining earnings performance, ensure profitable long-term growth and position the company for the future, Sennheiser has further developed its organizational structure and strengthened its Professional and Consumer Divisions by integrating overarching functions.

Investments:
Total investments in fixed assets of the Sennheiser Group amounted to €18.7 million and related largely to the implementation of the strategy to expand the product portfolio. The group's investments in property, plant and equipment totaled €15.7 million in fiscal year 2017.

As of December 31, 2017, the balance sheet total of the Sennheiser Group amounted to €415.4 million, which was slightly lower than on December 31, 2016. Fixed assets decreased slightly by €2.3 million. Due to the reduction in finished goods and merchandise, inventories decreased significantly by €9.0 million. Receivables and other assets declined slightly by €1.1 million. Overall, changes in balance sheet items led to an increase in cash and cash equivalents of €5.0 million.

The Sennheiser Group's pension provisions increased by €5.4 million to €93.1 million. The €14.8 million increase in other provisions is mainly due to provisions for restructuring expenses. The €5.6 million increase in trade payables to €62.7 million is mainly due to purchases for business activities in the fourth quarter of 2017.
Research and development activities

The creation of innovative products that are geared towards customers’ needs and that can be produced economically is the objective of research and development activities at Sennheiser. The company has pooled these activities in four research and innovation centers:

- Sennheiser Audio Labs in Waldshut-Tiengen (Germany), with a focus on digital signal processing (DSP) and 3D audio
- Sennheiser Innovation in Zurich (Switzerland), specialized in trend research as well as the development of scenarios and innovative concepts for the future for the entire group
- Sennheiser Technology & Innovation in San Francisco (USA), for 3D audio, speech processing and sound control sensors; the center collaborates closely with partners in Silicon Valley
- Sennheiser Consumer in Singapore, which is responsible for product development based on current consumer trends

Thanks to the Innovation Campus in Wedemark, the audio specialist has the industry’s most state-of-the-art innovation center. The company thereby also underscores its objective to decisively shape the future of the audio industry. In addition to strengthening its own research and development activities, Sennheiser enters into strategic collaborations and makes targeted investments, especially in the areas of augmented reality and virtual reality.

In 2017, 416 employees worldwide worked in research and development (previous year: 385). The Sennheiser Group’s expenditure on related activities increased by 6.2 percent year on year to €57.8 million. Research and development expenses in relation to turnover therefore stood at 8.7%.

Research:
The Sennheiser Group pursues corporate research projects in all business areas. Its 3D audio activities are pooled within the AMBEO brand. The goal is to create a completely new representation of sound that corresponds to natural hearing and therefore gives the user a more realistic and intense listening experience. The group is developing a product portfolio for this purpose that covers the entire signal chain, from recording, mixing and processing to playback. In addition, Sennheiser is exploring a wide range of applications, from live concert broadcasts, virtual reality and augmented audio to sports events, to unlock the full potential of AMBEO.

Among other things, activities in the area of wireless transmission systems aim to improve existing transmission methods. Therefore, the company has explored and researched novel transmission routes in order to prepare to introduce these into product development.

Development:
In 2017, the Professional Division continued to work on expanding or completing its product range. The main focus was on new and improved wireless microphone systems.

In the first half of the year, Sennheiser launched the new Digital 6000 wireless microphone system, which also incorporates technologies from the flagship Digital 9000, including a high-quality system-specific audio codec. Among other things, the Digital 6000 is characterized by its versatile connectivity and frequency efficiency: a large number of channels can be accommodated in a small space.

With the XS Wireless 1 and 2 microphone series that were also launched in 2017, Sennheiser has also extended its appeal to entry-level customers. The products offer easy operation and reliable transmission quality. Also aimed at this segment, especially in Asian and Latin American markets, is the XS 1 wired microphone – a further new launch during the year under review.
The Sennheiser Group employed an average of 2,728 people in 2017 (previous year: 2,725). The number of trainees worldwide totaled 63, compared to 69 the previous year. At the end of the year, headcount at the Sennheiser Group stood at 2,833 (previous year: 2,826).

An average of 52 percent of all employees worked for companies based in Germany, while the remaining 48 percent were based abroad. Personnel expenses increased slightly by 0.9 percent overall, mainly due to the higher allocations for pension provisions.

The Neumann brand, which belongs to the Sennheiser Group, launched the KH 80 studio monitor in the second half of 2017: a new entry-level offering in this segment. The KH 80 provides features such as fully-automatic alignment to the room and can be controlled via the associated app. This supports the transition from the purely analog world into the digital world.

In the second half of the year, Sennheiser additionally launched the AMBEO SMART HEADSET, which is also aimed at end users. It captures the sound as the human ear does, providing captivating acoustic recordings. The product is initially available for iOS devices. An Android version is slated for launch in 2018.

Product development activities in the second half of the year focused mainly on models for launch in 2018. These include the evolution wireless G4 wireless microphone system. Thanks to its ease of use, flexibility and versatility, it is completely geared to the needs of users and will be released in the first half of 2018 – coinciding with the 20th anniversary of the Sennheiser evolution series. The launch of the Neumann U 67 studio microphone is also scheduled for fiscal year 2018. The new edition was developed on the basis of the original plans and will expand the existing portfolio.

The development work of the Consumer Division continued to focus on wireless solutions to meet the continuing trend towards wireless headphones.

In fiscal year 2017, Sennheiser expanded both the MOMENTUM product family and the CX product line with new Bluetooth ear-canal headphones. The MOMENTUM In-Ear Wireless and CX 7.00BT both feature neckbands. The MOMENTUM Free and the CX 6.00BT are the most compact ear-canal headphones, making them ideal for mobile music enjoyment.

Sennheiser created further releases for its CapTune ™ app and made revisions to the infrastructure. These developments provided the basis for future new functionalities.

As part of its AMBEO activities, Sennheiser unveiled a prototype of the AMBEO 3D Soundbar at the Consumer Electronics Show (CES) in Las Vegas, USA, in January 2018. It offers customers an extraordinary spatial sound experience at home.

The Sennheiser Group employed an average of 2,728 people in 2017 (previous year: 2,725). The number of trainees worldwide totaled 63, compared to 69 the previous year. At the end of the year, headcount at the Sennheiser Group stood at 2,833 (previous year: 2,826).
Outlook, risk and opportunities report

Outlook report

Development of the electrical and electronics industry in Germany:

Overall, the Sennheiser Group expects to also see stable development in the electrical and electronics industry in 2018. Zentralverband Elektrotechnik- und Elektronikindustrie (German Electrical and Electronic Manufacturers’ Association – ZVEI) forecasts slight growth in turnover of 3.0 percent in the current year. The forecasted further acceleration of the global economy should have a positive influence on future business opportunities – despite the uncertainty triggered by US trade policy. The Sennheiser Group therefore considers the predictions of the ZVEI to be realistic.

Outlook for future development:

The global economic indicators point to a continuation of the global upswing. In its outlook for the coming year, the OECD expects further acceleration, but without being able to take account of the tax reform in the US. This will give rise to some temporary economic momentum for the United States and global demand. The opportunities and risks for the global economy are currently considered relatively balanced.

Nevertheless, the main risks have not changed compared to last year. First, the UK’s decision to leave the EU continues to preoccupy the European Union and the eurozone. The uncertainty will continue until the exit negotiations have been concluded. On the other hand, the new US policy is difficult to estimate in view of the current tax reform. Therefore, the Sennheiser Group does not expect rapid positive momentum for the global economy and the business development opportunities of the company.

In summary, it can be stated that the global orientation of the Sennheiser Group contributes to cushioning the limiting effects in individual regions through positive effects in other markets. However, increasing global economic risks and distortions will have a limiting influence and limit the options for action. Nevertheless, the Sennheiser Group is confident that its structural focus and innovative ability will continue to make it possible to emerge stronger from such phases, not least as a result of the further development initiated in fiscal year 2017.

Outlook for turnover and results of operations:

In order to ensure long-term profitable growth and thereby position the company successfully for the future, Sennheiser has further developed its organizational structure. The result is a more focused line-up that is even more aligned to customer needs.

The new focused set-up with which Sennheiser started fiscal year 2018 will enable the company to work more efficiently and be closer to the market. To this end, the two divisions, Consumer and Professional, were further strengthened by integrating general functions such as product management, marketing and sales into the organizational units. In the professional segment, core competencies in particular, such as wireless microphone technology, have been further strengthened for the future, while the company is focusing in the consumer segment on “Smart & Connected” audio experiences. The AMBEO 3D audio technology program remains an important component of both divisional strategies.

The Sennheiser Group will continue to concentrate on its core strengths and focus its production sites and business areas in the years ahead. On account of these measures, the company expects to see slight revenue growth and positive development of earnings before tax. It should be noted that the future development of earnings is influenced by the volatility of the euro in relation to the other major world currencies.
Risk report
Risk management system:
The systematic analysis, evaluation and management of potential risks are decentralized within the Sennheiser Group. Every organizational unit is responsible for detailing its own risk register, which it must then use to establish countermeasures for managing risks. The purpose is to identify and avert potential damage to the company at an early stage. All registers are centrally coordinated and aggregated so the Executive Management Board has an overview at all times of the most significant risks and the measures being taken to manage them.

Within the scope of independent audits, the Audit Department monitors the individual corporate entities with regard to early risk identification and compliance management by performing random inspections. The Executive Management Board is informed directly and immediately of the findings.

Risks:
The risk situation has not changed significantly compared to previous years. In addition to the risk of business interruption due to property damage, the risks of procuring certain parts and components, product compliance and IT security are among the most important issues for which the Sennheiser Group is taking countermeasures.

Property, business interruption, liability and transport insurance policies protect the Sennheiser Group against inventory-related risks customary in the industry. Effective customer management and a global trade credit insurance policy minimize the impact of potential defaults on receivables. IT security risks are addressed through technical and organizational measures. For the first time, a dedicated management report on the IT security of the company was prepared in 2017, which takes into account the increasing importance of the topic and serves to provide detailed information to the management.

Opportunities report
The Sennheiser Group's innovative strength is focused on enhancing customer benefit in terms of products and services as well as on close consumer contact. One major opportunity for the company is the proactive identification of future needs and technical applications. The aim to shape the future of the audio industry remains the same.

New market opportunities arise from the accelerated development of 3D audio applications, especially in the area of virtual and augmented reality, as well as in the immersive transmission of real events in the fields of sports, concerts and film. Most of these applications are currently at an early stage and are only anticipated to make a substantial financial contribution in a few years' time. Sennheiser's pioneering expertise in this field – from recording and the various stages of processing to playing 3D audio in a variety of listening situations – provides a strong foundation for setting standards and delivering products that enhance the listening experience. Strategic partnerships and targeted investments also create opportunities. For example, Sennheiser invested in the companies Dear Reality and Sonic Emotion in 2018 to further complement its existing expertise in the areas of processing, control and playback of object-based immersive audio and strengthen its own position in the field of augmented and mixed reality applications.

Beyond the traditional business model of electro-acoustic equipment distribution, digital offerings and services are becoming more important and must be developed into a profitable business.

Wennebostel, Germany, May 2018
On behalf of the Executive Management Board of Sennheiser electronic GmbH & Co. KG

Daniel Sennheiser and Dr. Andreas Sennheiser
CEOs of Sennheiser electronic GmbH & Co. KG
## Consolidated balance sheet
as of December 31, 2017

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2017 IN €</th>
<th>2017 IN €</th>
<th>PREVIOUS YEAR IN T€</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. FIXED ASSETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I. Intangibles assets</td>
<td>11,886,226.67</td>
<td>12,999</td>
<td></td>
</tr>
<tr>
<td>II. Property, plant and equipment</td>
<td>47,306,810.29</td>
<td>49,543</td>
<td></td>
</tr>
<tr>
<td>III. Financial assets</td>
<td>3,245,853.58</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>62,438,890.54</td>
<td>64,772</td>
<td></td>
</tr>
<tr>
<td>B. CURRENT ASSETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I. Inventories</td>
<td>108,438,434.28</td>
<td>117,440</td>
<td></td>
</tr>
<tr>
<td>II. Receivables and other assets</td>
<td>140,742,814.57</td>
<td>141,892</td>
<td></td>
</tr>
<tr>
<td>III. Cash and cash equivalents</td>
<td>78,029,833.82</td>
<td>73,078</td>
<td></td>
</tr>
<tr>
<td></td>
<td>327,210,882.67</td>
<td>332,410</td>
<td></td>
</tr>
<tr>
<td>C. ACCRUALS AND DEFERRALS</td>
<td>5,941,999.53</td>
<td>6,269</td>
<td></td>
</tr>
<tr>
<td>D. DEFERRED TAXES</td>
<td>19,813,090.55</td>
<td>15,957</td>
<td></td>
</tr>
<tr>
<td></td>
<td>415,404,883.29</td>
<td>419,409</td>
<td></td>
</tr>
</tbody>
</table>

### LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2017 IN €</th>
<th>2017 IN €</th>
<th>PREVIOUS YEAR IN T€</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. EQUITY</td>
<td>85,712,974.75</td>
<td>100,713</td>
<td></td>
</tr>
<tr>
<td>B. PROVISIONS</td>
<td>163,120,989.05</td>
<td>142,933</td>
<td></td>
</tr>
<tr>
<td>C. LIABILITIES</td>
<td>166,540,441.26</td>
<td>175,728</td>
<td></td>
</tr>
<tr>
<td>D. ACCRUALS AND DEFERRALS</td>
<td>30,458.23</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>415,404,883.29</td>
<td>419,409</td>
<td></td>
</tr>
</tbody>
</table>
Consolidated profit and loss statement for fiscal year 2017

### Sales Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 in €</th>
<th>Previous year in €</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,866,396.94</td>
<td>6,67,660,764.50</td>
</tr>
<tr>
<td><strong>Total Sales Revenue</strong></td>
<td>9,249</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
- ^1^ Included in the annual financial statements of Sennheiser New Mexico LLC, Albuquerque, USA.
- ^2^ Included in the annual financial statements of Sennheiser Australia Pty Ltd., Chatswood, Australia.
- ^3^ Included in the annual financial statements of Sennheiser electronic GmbH & Co. KG, Wennebostel, Germany.

### Consolidation

<table>
<thead>
<tr>
<th>Full Consolidation</th>
<th>Size of Holding in Percent</th>
<th>Currency</th>
<th>Share of Capital in Thousand Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sennheiser electronic GmbH &amp; Co. KG, Wennebostel</td>
<td>100.0</td>
<td>EUR</td>
<td>5,280</td>
</tr>
<tr>
<td>Georg Neumann GmbH, Berlin, Germany</td>
<td>100.0</td>
<td>EUR</td>
<td>800</td>
</tr>
<tr>
<td>K + H Vertriebs- und Entwicklungsgesellschaft mbH, Wedemark, Germany</td>
<td>100.0</td>
<td>EUR</td>
<td>25</td>
</tr>
<tr>
<td>Sennheiser Audio Labs GmbH, Wedemark, Germany</td>
<td>100.0</td>
<td>EUR</td>
<td>25</td>
</tr>
<tr>
<td>Sennheiser Consumer Electronics GmbH, Wedemark, Germany</td>
<td>100.0</td>
<td>EUR</td>
<td>12,087</td>
</tr>
<tr>
<td>Sennheiser New Mexico LLC, Albuquerque, USA</td>
<td>100.0</td>
<td>USD</td>
<td>6,029,392.53</td>
</tr>
<tr>
<td>Sennheiser Manufacturing USA Corp., Albuquerque, USA</td>
<td>100.0</td>
<td>USD</td>
<td>5,000</td>
</tr>
<tr>
<td>Sennheiser Bondholding Company LLC, Albuquerque, USA</td>
<td>100.0</td>
<td>USD</td>
<td>50,000</td>
</tr>
<tr>
<td>Sennheiser Global Operations GmbH, Wedemark, Germany</td>
<td>100.0</td>
<td>EUR</td>
<td>3,501</td>
</tr>
<tr>
<td>Sennheiser Audio Doo, Missis, Russia</td>
<td>100.0</td>
<td>RUB</td>
<td>215</td>
</tr>
<tr>
<td>Sennheiser Australia Pty Ltd., Chatswood, Australia</td>
<td>100.0</td>
<td>AUD</td>
<td>0</td>
</tr>
<tr>
<td>Sennheiser New Zealand Ltd., Auckland, New Zealand</td>
<td>100.0</td>
<td>NZD</td>
<td>338</td>
</tr>
<tr>
<td>Sennheiser Austria GmbH, Vienna, Austria</td>
<td>100.0</td>
<td>EUR</td>
<td>100.0</td>
</tr>
<tr>
<td>Sennheiser Belux B.V. &amp; Co. KG, Zellik, Belgium</td>
<td>100.0</td>
<td>EUR</td>
<td>100.0</td>
</tr>
<tr>
<td>Sennheiser [Indel Inc.], Quebec-Clair, Canada</td>
<td>100.0</td>
<td>CAD</td>
<td>230</td>
</tr>
<tr>
<td>Sennheiser Electronic Asia Pte. Ltd., Singapore</td>
<td>100.0</td>
<td>SGD</td>
<td>100.0</td>
</tr>
<tr>
<td>Sennheiser Electronic Corporation, Old Lyam, USA</td>
<td>100.0</td>
<td>USD</td>
<td>2</td>
</tr>
<tr>
<td>Sennheiser Electronic Indus Private Limited, Hyderabad, India</td>
<td>100.0</td>
<td>INR</td>
<td>338</td>
</tr>
<tr>
<td>Sennheiser France SAS, Enay-Ver-o-Neuf, France</td>
<td>100.0</td>
<td>EUR</td>
<td>100.0</td>
</tr>
<tr>
<td>Sennheiser Hong Kong Ltd., Hong Kong, China</td>
<td>100.0</td>
<td>HKD</td>
<td>10</td>
</tr>
<tr>
<td>Sennheiser Japan K.K., Tokyo, Japan</td>
<td>100.0</td>
<td>JPY</td>
<td>90,000</td>
</tr>
<tr>
<td>Sennheiser Korea Ltd., Seoul, Korea</td>
<td>100.0</td>
<td>KRW</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Sennheiser Mexico S.A. de C.V., Mexico City, Mexico</td>
<td>100.0</td>
<td>MXN</td>
<td>215</td>
</tr>
<tr>
<td>Sennheiser Nederland B.V., Almere, Netherlands</td>
<td>100.0</td>
<td>EUR</td>
<td>100.0</td>
</tr>
<tr>
<td>Sennheiser Nordics A/S, Copenhagen, Denmark</td>
<td>100.0</td>
<td>DKK</td>
<td>1,000</td>
</tr>
<tr>
<td>Sennheiser [Swezis] AG, Zurich, Switzerland</td>
<td>100.0</td>
<td>CHF</td>
<td>1,000</td>
</tr>
<tr>
<td>Sennheiser UT Ltd., Milan, UK</td>
<td>100.0</td>
<td>GBP</td>
<td>210</td>
</tr>
<tr>
<td>Sennheiser Guangzhou Ltd., Guangzhou, China</td>
<td>100.0</td>
<td>CNY</td>
<td>2,000</td>
</tr>
<tr>
<td>Sennheiser Media AG, Zürich, Switzerland</td>
<td>100.0</td>
<td>CHF</td>
<td>100</td>
</tr>
<tr>
<td>Sennheiser Streaming Technologies GmbH, Wedemark, Germany</td>
<td>100.0</td>
<td>EUR</td>
<td>25</td>
</tr>
<tr>
<td>Sennheiser Vertrieb und Service GmbH &amp; Co. KG, Hamburg, Germany</td>
<td>100.0</td>
<td>EUR</td>
<td>1,000</td>
</tr>
</tbody>
</table>

**Notes:**
- ^4^ Important special resolutions and transactions agreed during the fiscal year.
- ^5^ Included in the annual financial statements of Sennheiser Technologies GmbH, Wedemark, Germany.

**Consolidation:**

<table>
<thead>
<tr>
<th>Size of Holding in Percent</th>
<th>Currency</th>
<th>Share of Capital in Thousand Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>50.0</td>
<td>DKK</td>
<td>2,000</td>
</tr>
</tbody>
</table>