FINANCIAL REPORT

Semi-Annual Report 2021/22

Highlights & key figures First half 2021/22

Sonova Group: Sales of CHF 1,603.8 million

Consolidated sales in the first half of financial year 2021/22 were CHF 1,603.8 million, an increase of 48.5% in local currencies or 49.9% in Swiss francs. Organic growth reached 46.6% in local currencies.

Hearing Instruments segment: Sales of CHF 1,465.6 million

The Hearing Instruments segment achieved sales of CHF 1,465.6 million, up 46.9% in local currencies or 48.6% in Swiss francs. The adjusted EBITA[1] reached CHF 388.4 million, representing a margin of 26.5%.

Cochlear Implants segment: Sales of CHF 138.3 million

Sales in the Cochlear Implants segment reached CHF 138.3 million, rising by 67.3% in local currencies or 66.4% in Swiss francs. Adjusted EBITA[1] was CHF 18.0 million, resulting in a margin of 13.0%.

Adjusted Group EBITA margin reaching 25.3%

Adjusted Group EBITA[1] reached CHF 406.4 million, up 129.3% in local currencies or 133.1% in Swiss francs. As reported, Group EBITA reached CHF 393.9 million, an increase of 54.1% in local currencies vs. the prior year period.

Earnings per share: up 146.5% to CHF 4.86

Sonova achieved a strong increase in adjusted earnings per share[1], which rose to CHF 4.86 or by 146.5% vs. the prior year period.

Sound cash flow, healthy balance sheet

The Group maintains a healthy balance sheet. This was supported by a solid operating free cash flow, reaching CHF 337.3 million.

Sonova Group key figures[2] – First half 2021/22

April 1 to September 30, in CHF m unless otherwise specified	**2021**	**2020**	**Change in Swiss francs**	**Change in local currencies**
Sales	1,603.8	1,069.6	49.9%	48.5%
Gross profit	1,181.7	739.0	59.9%	57.7%
EBITA	393.9	251.4	56.7%	54.1%
EBIT	372.2	230.0	61.8%	59.1%
Basic earnings per share (CHF)	4.69	3.25	44.6%	41.8%
Operating free cash flow	337.3	245.8	37.2%	
Gross profit (adjusted)[1]	1,183.1	740.3	59.8%	57.6%
EBITA (adjusted)[1]	406.4	174.3	133.1%	129.3%
EBITA margin (adjusted)[1]	25.3%	16.3%		
Basic earnings per share (CHF) (adjusted)[1]	4.86	1.97	146.5%	142.0%

[1] Non-GAAP financial measure adjusted for nonrecurring items; see financial review and for details see the table "Reconciliation of non-GAAP financial measures".
[2] For detailed definitions, please refer to "Key figures".

Letter to shareholders

During the first half of the financial year, Sonova sustained its positive momentum despite some residual challenges from the COVID-19 pandemic. This resulted in strong sales and earnings growth for the Group. The performance in the Hearing Instruments segment was driven by the ongoing success of the Phonak Paradise platform and a robust execution of our strategy. The Cochlear Implants segment rebounded strongly, supported by the excellent market response to the new Naída™ CI Marvel sound processor.

Dear Shareholders

The Group achieved a strong start to the year. Despite some residual challenges related to the COVID-19 pandemic, the hearing care market continued its recovery. As a highlight during the period we announced the acquisition of the Sennheiser Consumer Division, which concentrates on the business of headphones and hearables for private customers. The acquisition supports an important element of Sonova's strategy – to reach ever more consumers, wherever their journey towards better hearing begins. The deal will allow us to capture growth opportunities, in particular in the fast-growing market for true wireless headsets and the emerging segment of speech enhanced hearables. We expect to close the acquisition before the end of financial year 2021/22.

Consolidated sales in the first half of the financial year 2021/22 reached CHF 1,603.8 million, up 48.5% in local currencies. Compared to pre-pandemic levels in the first half of the financial year 2019/20, sales were up 17.7% in local currencies. A weakening of the Swiss franc lifted reported sales by CHF 15.7 million or 1.5%. Profitability continued to benefit from our structural optimization and continuous improvement initiatives. Adjusted for restructuring costs and transaction costs related to the planned acquisition of the Sennheiser Consumer Division, operating profit before acquisition-related amortization (EBITA) reached CHF 406.4 million, representing a margin of 25.3%.

Hearing Instruments segment

Sales in the Hearing Instruments segment were up 46.9% in local currencies, helped by the continued market recovery. Growth in the Hearing Instruments business was supported by the ongoing success of the Phonak Paradise platform, which was further expanded with the introduction of Audéo Life, the world's first rechargeable and fully waterproof hearing aid, as well as ActiveVent™, the world's first intelligent hearing aid receiver that automatically opens and closes based on the listening environment. The Audiological Care business also made good progress, advancing its omni-channel approach, giving consumers full control over how they interact with their provider through a seamless combination of face-to-face, remote, and online interactions.

Cochlear Implants segment

Sales in the Cochlear Implants segment rose by 67.3% in local currencies, supported by a further pick-up in elective surgeries. A key driver for growth was also the successful introduction of two new sound processors – Naída™ CI Marvel for adults and Sky CI™ Marvel designed for children – leading to strong growth in upgrade sales. System sales also benefitted from this market-leading innovation, allowing Advanced Bionics to re-capture market share lost after the voluntary field corrective action in February 2020. The strong revenue development, coupled with good progress on our productivity measures, resulted in a double-digit operating margin for the first time in the history of the segment.

Outlook

We maintain the outlook provided at the start of the financial year 2021/22. The Group expects all businesses to contribute to growth in sales and profitability in the second half of financial year 2021/22. The outlook considers a further recovery of the hearing care market absent any significant re-tightening of lockdown restrictions or additional headwinds from the current supply chain constraints.

Robert Spoerry
Chairman of the Board
of Directors

Arnd Kaldowski
Chief Executive Officer

Financial review

Group sales in the first half of the financial year 2021/22 reached CHF 1,603.8 million, up by 48.5% in local currencies or 49.9% in Swiss francs. Growth was partly attributable to the solid market recovery as well as a low comparison base due to the COVID-19 pandemic in the prior year period. Adjusted EBITA grew by 129.3% in local currencies to CHF 406.4 million, representing a margin of 25.3%.

Ongoing market recovery, despite some residual headwinds

Sonova Group sales increased by 48.5% in local currencies in the first half of financial year 2021/22. This was helped by low comparative figures in the prior year period, when the development had been heavily impacted by the COVID-19 pandemic. Compared to pre-pandemic levels in the first half of the financial year 2019/20, sales were up 17.7% in local currencies, representing a two-year compound annual growth rate (CAGR) of 8.5%. The market recovery continued, despite residual challenges in some countries. Growth was supported further by the continued strong sales momentum of our recent product innovations and the positive market response to our latest introductions. Growth from acquisitions accounted for 1.8%, while exchange rate fluctuations added 1.5%. This resulted in Group sales of CHF 1,603.8 million, an increase of 49.9% in Swiss francs.

Substantial growth in all regions, led by the United States and the Americas

Sales in Europe, Middle East and Africa (EMEA) were up by 41.3% in local currencies, driven by strong growth in the UK and France. The latter saw a strong positive impact from the change in the reimbursement system at the start of the calendar year 2021. On the other hand, a slower recovery in certain markets including Germany, Belgium and the Netherlands slowed down the overall growth in the region.

Sales in the United States rose by 70.3% in local currency versus the prior year period. Growth was supported by the ongoing success of the Phonak Paradise platform as well as the renewal of a private label contract with a large US hearing aid retailer. Furthermore, Sonova defended its leading position with the US Department of Veterans Affairs (VA). This market segment, which had been particularly hard hit by the pandemic, experienced a strong recovery in the period under review.

Sales in the rest of the Americas (excluding the US) increased by 56.9% in local currencies, helped by acquisitions but held back by a slow recovery in Canada. Sales in the Asia Pacific (APAC) region were up 23.2% in local currencies, supported by a solid development in China but held back by temporary lockdowns in Australia and New Zealand.

Sales by regions

April 1 to September 30, in CHF m			2021		2020
	Sales	Share	Growth in local currencies	Sales	Share
EMEA	830.6	52%	41.3%	572.8	54%
USA	499.8	31%	70.3%	302.3	28%
Americas (excl. USA)	116.9	7%	56.9%	71.7	7%
Asia/Pacific	156.6	10%	23.2%	122.8	11%
Total sales	**1,603.8**	**100%**	**48.5%**	**1,069.6**	**100%**

Sonova Group key figures

April 1 to September 30, in CHF m unless otherwise specified	2021	2020	Change in Swiss francs	Change in local currencies
Sales	1,603.8	1,069.6	49.9%	48.5%
Gross profit	1,181.7	739.0	59.9%	57.7%
EBITA	393.9	251.4	56.7%	54.1%
EBIT	372.2	230.0	61.8%	59.1%
Basic earnings per share (CHF)	4.69	3.25	44.6%	41.8%
Operating free cash flow	337.3	245.8	37.2%	
Gross profit (adjusted)[1]	1,183.1	740.3	59.8%	57.6%
EBITA (adjusted)[1]	406.4	174.3	133.1%	129.3%
EBITA margin (adjusted)[1]	25.3%	16.3%		
Basic earnings per share (CHF) (adjusted)[1]	4.86	1.97	146.5%	142.0%

[1] Non-GAAP financial measure adjusted for nonrecurring items; for details see the table “Reconciliation of non-GAAP financial measures”.

Strong margin development reflecting sustainable efficiency gains

Sonova continued to make strong progress on profitability despite further stepping up growth investments. The Group further advanced its structural optimization initiatives, resulting in restructuring costs of CHF 7.4 million (1H 2020/21: CHF 21.9 million). In total, restructuring costs in financial year 2021/22 are expected to amount to CHF 12–18 million, resulting in annual cost savings of around CHF 15–20 million once fully implemented by the end of the financial year. In addition, transaction costs of CHF 5.0 million related to the planned acquisition of the Sennheiser Consumer Division were recorded in the period under review. In the first half of financial year 2020/21, the Group had recorded a one-time income of CHF 99.0 million from damages awarded in a patent infringement lawsuit. Adjusted figures and growth rates in this financial review exclude these items. For more details, please refer to the table “Reconciliation of non-GAAP financial measures” at the end of the financial review.

Reported gross profit reached CHF 1,181.7 million, an increase of 57.7% in local currencies. Adjusted gross profit grew by 57.6% in local currencies or 59.8% in Swiss francs to CHF 1,183.1 million. The adjusted gross profit margin was 73.8%, up 4.6 percentage points in Swiss francs over the prior year period. The improvement was driven by structural and continuous improvement measures as well as by higher sales volumes. It was partly offset by some pressure on average selling prices (ASPs) due to a normalization of the channel mix and higher transportation and component costs, in part as a result of the pandemic.

Excluding acquisition-related amortization, reported operating expenses were CHF 787.8 million. Adjusted operating expenses before acquisition-related amortization reached CHF 776.7 million (1H 2020/21: CHF 566.0 million), an increase of 35.6% in local currencies or 37.2% in Swiss francs. Reflecting the Group’s long-term commitment to continuously invest in innovation and to further advance Sonova’s industry leading portfolio of products and services, adjusted research and development (R&D) expenses before acquisition-related amortization rose 47.0% in local currencies to CHF 114.8 million.

Adjusted sales and marketing costs before acquisition-related amortization were up 38.0% in local currencies to CHF 517.4 million or 32.3% of sales (1H 2020/21: 34.4%). Adjusted general and administration costs before acquisition-related amortization increased by 19.0% in local currencies, reaching CHF 144.1 million or 9.0% of sales (1H 2020/21: 11.2%). The lower sales ratios reflect the strong top-line growth as well as the annualization of last year’s structural optimization initiatives. It also considers ongoing investments into the renewal of our Audiological Care IT system aimed at improving in-store and cross-business process efficiency. Adjusted other expense was CHF 0.5 million (1H 2020/21: CHF 0.5 million income).

Adjusted operating profit before acquisition-related amortization (EBITA) reached CHF 406.4 million (1H 2020/21: CHF 174.3 million), an increase of 129.3% in local currencies or 133.1% in Swiss francs. Compared to pre-pandemic levels in the first half of the financial year 2019/20, adjusted EBITA was up by 59.5% in local currencies. The adjusted EBITA margin reached 25.3%, up 8.9 percentage points versus the prior year period and up 7.0 percentage points compared to the first half of financial year 2019/20. Exchange rate developments lifted the adjusted EBITA by CHF 6.7 million and the margin

Sales by business – Hearing Instruments segment

April 1 to September 30, in CHF m			2021		2020
	Sales	Share	Growth in local currencies	Sales	Share
Hearing Instruments business	890.2	61%	46.2%	607.8	62%
Audiological Care business	575.4	39%	48.0%	378.7	38%
Total Hearing Instruments segment	**1,465.6**	**100%**	**46.9%**	**986.5**	**100%**

by 0.1 percentage points. Compared to the prior year period, reported EBITA increased by 54.1% in local currencies or 56.7% in Swiss francs to CHF 393.9 million.

Reported operating profit (EBIT) reached CHF 372.2 million (1H 2020/21: CHF 230.0 million), up 59.1% in local currencies and 61.8% in Swiss francs. Net financial expenses, including the result from associates, increased from CHF 10.3 million to CHF 19.2 million, driven by increased borrowings during the pandemic. Income taxes amounted to CHF 51.1 million, representing a tax rate of 14.5%. This compares to a tax rate of 13.5% after adjusting for the non-recurring benefit in the context of the damages awarded in a patent infringement lawsuit in the prior year period. Basic earnings per share (EPS) reached CHF 4.69, up 44.6%. Adjusted EPS increased by 142.0% in local currencies or 146.5% in Swiss francs to CHF 4.86, compared to CHF 1.97 in the prior year period.

Hearing Instruments segment – Sustained positive momentum of Phonak Paradise

The Hearing Instruments segment posted sales of CHF 1,465.6 million, an increase of 46.9% in local currencies compared to the prior year period. Sales were up 18.4% versus the first half of financial year 2019/20, representing a two-year CAGR of 8.8%. Despite some remaining challenges related to the pandemic in certain countries, the market rebound continued. Growth was supported by the sustained positive market response to the Phonak Paradise platform launched in August 2020. Organic sales growth reached 44.9% whereas the contribution from acquisitions in the reporting period and the annualization of prior year acquisitions lifted sales by 2.0% or CHF 19.8 million. Exchange rate fluctuations contributed CHF 16.5 million or 1.7% in Swiss francs, resulting in a reported sales growth of 48.6%.

Sales in the Hearing Instruments business were up 46.2% in local currencies, reaching CHF 890.2 million. The good momentum was driven by the continued success of the Phonak Paradise platform, which was further expanded in August 2021 with the introduction of Audéo Life, the world's first rechargeable and fully waterproof hearing aid, as well as ActiveVent™, the world's first intelligent hearing aid receiver. Powered by the same Sonova PRISM™ chip as the Phonak Paradise platform, Unitron successfully launched the BLU platform in April 2021, supporting good growth in the reporting period.

The Audiological Care business posted sales of CHF 575.4 million, an increase of 48.0% in local currencies. While also benefiting from the market rebound, a slower recovery in important markets such as Germany, Belgium and the Netherlands and temporary lockdowns in Australia and New Zealand weighed on the sales momentum. Organic growth was 42.7% with acquisitions contributing 5.2% as bolt-on M&A activity accelerated with a focus on the United States, France and Germany.

Reported EBITA for the Hearing Instruments segment reached CHF 376.9 million, up 127.3% in local currencies. Adjusted EBITA increased by 107.9% in local currencies or 110.7% in Swiss francs to CHF 388.4 million, corresponding to a margin of 26.5% (1H 2020/21: 18.7%). Exchange rate fluctuations did not have a material impact on the margin development compared to the prior year period.

Cochlear Implants segment – Re-capturing market share and realizing strong progress on profitability

Driven by the successful launch of two new sound processors – Naída™ CI Marvel for adults and Sky CI™ Marvel designed for children – as well as a further pick-up in elective surgeries, sales in the Cochlear Implants segment reached CHF 138.3 million, up 67.3% in local currencies and 66.4% in Swiss francs. The strong market response to the latest product introductions also helped to recapture market share lost after the voluntary field corrective action in February 2020. Growth was led by upgrade sales, which increased by 122.9% in local currencies, whereas system sales rose by 46.6% in local currencies.

Reported EBITA for the Cochlear Implants segment reached CHF 17.1 million. In the prior period, reported EBITA had included a one-time income of CHF 99.0 million from damages awarded in a patent infringement lawsuit and amounted to CHF 87.7 million. Supported by the strong revenue development and further added to by good progress on structural and continuous improvement measures, the adjusted EBITA reached CHF 18.0 million (1H 2020/21: adjusted EBITA loss of CHF 10.1 million). This resulted in an adjusted EBITA margin of 13.0%, reaching double-digits for the first time in the history of the segment.

Sales by product groups – Cochlear Implants segment

April 1 to September 30, in CHF m			2021		2020
	Sales	Share	Growth in local currencies	Sales	Share
Cochlear implant systems	88.4	64%	46.6%	60.6	73%
Upgrades and accessories	49.9	36%	122.9%	22.5	27%
Total Cochlear Implants segment	**138.3**	**100%**	**67.3%**	**83.1**	**100%**

Solid cash flow and balance sheet

Cash flow from operating activities reached CHF 409.8 million, up 28.6% versus the prior year period. Operating free cash flow increased by 37.2% to CHF 337.3 million. With M&A activity for the expansion of the Audiological Care network picking up, the cash consideration for acquisitions amounted to CHF 73.7 million. In summary, this resulted in a free cash flow of CHF 263.6 million (1H 2020/21: CHF 240.6 million). The cash outflow from financing activities of CHF 546.6 million reflects the dividend payment of CHF 201.6 million and net share repurchases of CHF 297.9 million, mainly related to the share buyback program. Cash and cash equivalents stood at CHF 1.5 billion.

Net working capital was largely stable at CHF 40.5 million versus CHF 29.6 million at the end of March 2021. Receivable collection continued to be strong while the Group allowed for an increase in inventories related to safety stock to manage supply shortages of microelectronic components. Trade payables were reduced by CHF 20.0 million. Other changes in net working capital had a negative impact of CHF 5.6 million, mainly driven by the payment of restructuring costs. Capital employed slightly increased to CHF 2,917.2 million compared to CHF 2,855.7 million at the end of March 2021.

The Group's equity of CHF 2,572.0 million represents an equity ratio of 44.8%, down from 46.8% at end of March 2021. This was mainly driven by the start of the share buy-back program announced in May 2021. Purchases of CHF 249.3 million under the new program also impacted the net debt position which increased to CHF 345.3 million compared to CHF 83.3 million at the end of March 2021.

Outlook 2021/22

The Group expects the resilience of consumer demand coupled with a further release of pent-up demand to support the ongoing recovery of the hearing care market in the second half of financial year 2021/22. The outlook does not reflect any additional headwinds from the current supply chain constraints. Maintaining the outlook provided at the start of the financial year 2021/22, Sonova expects consolidated sales to increase by 24%–28% and adjusted EBITA to grow in the range of 34%–42% in 2021/22, both measured at constant exchange rates. The planned acquisition of the Sennheiser Consumer Division is not yet included in the outlook.

Reconciliation of non-GAAP financial measures

April 1 to September 30, CHF million						2021
	Income statement as reported	Acquis. related amortization	**Income statement EBITA separation**	Restructuring costs	Transaction costs Sennheiser Consumer Division	**Income statement adjusted**
Sales	**1,603.8**		**1,603.8**			**1,603.8**
Cost of sales	(422.1)		(422.1)	1.4		(420.7)
Gross profit	**1,181.7**		**1,181.7**	**1.4**		**1,183.1**
Research and development	(115.2)	0.5	(114.8)			(114.8)
Sales and marketing	(543.1)	21.2	(521.8)	4.4		(517.4)
General and administration	(150.7)		(150.7)	1.6	5.0	(144.1)
Other income/(expenses), net	(0.5)		(0.5)			(0.5)
Operating profit before acquisition-related amortization (EBITA)[1]			**393.9**	**7.4**	**5.0**	**406.4**
Acquisition-related amortization		(21.7)	(21.7)			(21.7)
Operating profit (EBIT)[2]	**372.2**		**372.2**	**7.4**	**5.0**	**384.7**
Basic earnings per share (CHF)	**4.69**		**4.69**	**0.10**	**0.07**	**4.86**

April 1 to September 30, CHF million						2020
	Income statement as reported	Acquis. related amortization	**Income statement EBITA separation**	Restructuring costs	Patent infringement lawsuit income	**Income statement adjusted**
Sales	**1,069.6**		**1,069.6**			**1,069.6**
Cost of sales	(330.6)		(330.6)	1.3		(329.3)
Gross profit	**739.0**		**739.0**	**1.3**		**740.3**
Research and development	(78.8)	0.4	(78.3)	0.2		(78.1)
Sales and marketing	(405.7)	20.9	(384.8)	16.6		(368.2)
General and administration	(124.0)		(124.0)	3.8		(120.2)
Other income/(expenses), net	99.5		99.5		(99.0)	0.5
Operating profit before acquisition-related amortization (EBITA)[1]			**251.4**	**21.9**	**(99.0)**	**174.3**
Acquisition-related amortization		(21.4)	(21.4)			(21.4)
Operating profit (EBIT)[2]	**230.0**		**230.0**	**21.9**	**(99.0)**	**153.0**
Basic earnings per share (CHF)	**3.25**		**3.25**	**0.30**	**(1.57)**	**1.97**

[1] Earnings before financial result, share of profit/(loss) in associates/joint ventures, taxes and acquisition-related amortization (EBITA).
[2] Earnings before financial result, share of profit/(loss) in associates/joint ventures and taxes (EBIT).

Key figures

April 1 to September 30, in CHF million unless otherwise specified	2021	2020
Sales	**1,603.8**	**1,069.6**
change compared to previous year (%)	49.9	(25.0)
Gross profit	**1,181.7**	**739.0**
in % of sales	73.7	69.1
Gross profit (adjusted)[1]	**1,183.1**	**740.3**
in % of sales	73.8	69.2
Research & development costs	**114.8**	**78.3**
in % of sales	7.2	7.3
Sales & marketing costs	**521.8**	**384.8**
in % of sales	32.5	36.0
Operating profit before acquisition-related amortization (EBITA)	**393.9**	**251.4**
in % of sales	24.6	23.5
Operating profit before acquisition-related amortization (EBITA) (adjusted)[1]	**406.4**	**174.3**
in % of sales	25.3	16.3
Operating profit (EBIT)	**372.2**	**230.0**
in % of sales	23.2	21.5
Income after taxes	**301.9**	**203.2**
in % of sales	18.8	19.0
Income after taxes (adjusted)[1]	**312.5**	**123.2**
in % of sales	19.5	11.5
Basic earnings per share (CHF)	**4.69**	**3.25**
Basic earnings per share (CHF) (adjusted)[1]	**4.86**	**1.97**
Net debt[2] [9]	**345.3**	**394.6**
Net working capital[3] [9]	40.5	(19.7)
Capital expenditure (tangible and intangible assets)[4]	37.8	41.0
Capital employed[5] [9]	2,917.2	2,673.9
Total assets[9]	5,738.8	5,418.0
Equity[9]	2,572.0	2,279.2
Equity financing ratio (%)[6] [9]	44.8	42.1
Free cash flow[7]	263.6	240.6
Operating free cash flow[8] [9]	**337.3**	**245.8**
Number of employees (end of period)	**14,922**	**14,349**

1) Non-GAAP financial measure adjusted for nonrecurring items; for details see the table “Reconciliation of non-GAAP financial measures” in the financial review.
2) Cash and cash equivalents + other current financial assets (without loans) – current financial liabilities – current lease liabilities – non-current financial liabilities – non-current lease liabilities.
3) Receivables (incl. loans) + inventories – trade payables – current income tax liabilities – short-term contract liabilities – other short-term liabilities – short-term provisions.
4) Excluding goodwill and intangibles relating to acquisitions.
5) Equity + net debt
6) Equity in % of total assets.
7) Cash flow from operating activities + cash flow from investing activities + payments for lease liabilities.
8) Free cash flow – cash consideration for acquisitions and from divestments, net of cash acquired / divested – cash consideration for associates.
9) Key figure for 2020 was restated as disclosed in Note 6.

Interim consolidated financial statements as of September 30, 2021

Consolidated income statement

April 1 to September 30, in CHF million	2021	2020
Sales	**1,603.8**	**1,069.6**
Cost of sales	(422.1)	(330.6)
Gross profit	**1,181.7**	**739.0**
Research and development[1]	(115.2)	(78.8)
Sales and marketing[1]	(543.1)	(405.7)
General and administration	(150.7)	(124.0)
Other income[2]		99.5
Other expenses	(0.5)	0.0
Operating profit (EBIT)[3]	**372.2**	**230.0**
Financial income	1.0	1.3
Financial expenses	(21.8)	(12.1)
Share of profit/(loss) in associates/joint ventures, net	1.5	0.4
Income before taxes	**353.0**	**219.8**
Income taxes	(51.1)	(16.5)
Income after taxes	**301.9**	**203.2**
Attributable to:		
Equity holders of the parent	294.8	204.1
Non-controlling interests	7.1	(0.8)
Basic earnings per share (CHF)	4.69	3.25
Diluted earnings per share (CHF)	4.66	3.23

[1] Includes acquisition-related amortization of CHF 0.5 million (previous year: CHF 0.4 million) in “Research and development” and CHF 21.2 million (previous year: CHF 20.9 million) in “Sales and marketing”. EBITA (Earnings before financial result, share of profit/(loss) in associates/joint ventures, taxes and acquisition-related amortization) amounts to CHF 393.9 million (previous year: CHF 251.4 million). Refer to Note 4.
[2] In 2020, including damages awarded in patent infringement lawsuit to Advanced Bionics of CHF 99.0 million.
[3] Earnings before financial result, share of profit/(loss) in associates/joint ventures and taxes (EBIT).

The Notes are an integral part of the interim consolidated financial statements.

Consolidated statement of comprehensive income

April 1 to September 30, in CHF million	2021	2020[1)]
Income after taxes	**301.9**	**203.2**
Other comprehensive income		
Actuarial gain/(loss) from defined benefit plans, net	55.9	27.5
Tax effect on actuarial result from defined benefit plans, net	(6.7)	(3.3)
Total items not to be reclassified to income statement in subsequent periods	**49.2**	**24.2**
Currency translation differences	(39.2)	9.3
Tax effect on currency translation items	1.1	0.4
Total items to be reclassified to income statement in subsequent periods	**(38.0)**	**9.7**
Other comprehensive income, net of tax	**11.2**	**33.9**
Total comprehensive income	**313.1**	**237.1**
Attributable to:		
Equity holders of the parent	306.7	238.1
Non-controlling interests	6.3	(1.0)

1) The consolidated statement of comprehensive income for 2020 was restated as disclosed in Note 6.

The Notes are an integral part of the interim consolidated financial statements.

Consolidated balance sheet

Assets CHF million	30.9.2021	31.3.2021	30.9.2020[1)]
Cash and cash equivalents	1,521.3	1,772.2	1,444.1
Other current financial assets	8.1	6.8	6.5
Trade receivables	444.8	438.8	383.7
Current income tax receivables	6.7	4.7	5.1
Inventories	315.8	302.3	259.1
Other current operating assets	114.3	96.6	109.0
Total current assets	**2,410.9**	**2,621.4**	**2,207.4**
Property, plant and equipment	327.9	335.3	329.3
Right-of-use assets	264.5	261.6	262.2
Intangible assets	2,438.3	2,421.8	2,368.4
Investments in associates/joint ventures	21.8	19.7	17.9
Other non-current financial assets	35.3	38.9	27.4
Other non-current operating assets	43.5	6.2	6.7
Deferred tax assets	196.7	220.7	198.7
Total non-current assets	**3,327.9**	**3,304.2**	**3,210.6**
Total assets	**5,738.8**	**5,925.6**	**5,418.0**

Liabilities and equity CHF million	30.9.2021	31.3.2021	30.9.2020[1)]
Current financial liabilities	706.4	375.7	13.0
Current lease liabilities	61.7	58.9	57.9
Trade payables	83.2	103.2	73.9
Current income tax liabilities	141.1	128.1	170.9
Short-term contract liabilities	98.0	101.5	95.5
Other short-term operating liabilities	401.0	338.2	307.3
Short-term provisions	124.9	148.1	134.4
Total current liabilities	**1,616.2**	**1,253.8**	**852.9**
Non-current financial liabilities	886.4	1,208.9	1,560.4
Non-current lease liabilities	213.1	212.4	208.5
Long-term provisions	144.7	144.7	147.0
Long-term contract liabilities	198.6	200.5	200.3
Other long-term operating liabilities	3.5	21.3	48.1
Deferred tax liabilities	104.4	111.5	121.6
Total non-current liabilities	**1,550.7**	**1,899.4**	**2,285.9**
Total liabilities	**3,166.9**	**3,153.1**	**3,138.8**
Share capital	3.2	3.2	3.2
Treasury shares	(295.5)	(306.9)	(309.9)
Retained earnings and reserves	2,839.7	3,051.6	2,568.7
Equity attributable to equity holders of the parent	**2,547.4**	**2,748.0**	**2,262.1**
Non-controlling interests	24.6	24.5	17.2
Equity	**2,572.0**	**2,772.5**	**2,279.2**
Total liabilities and equity	**5,738.8**	**5,925.6**	**5,418.0**

1) The balance sheet as of September 30, 2020 was restated as disclosed in Note 6.

The Notes are an integral part of the interim consolidated financial statements.

Consolidated cash flow statement

April 1 to September 30, in CHF million		2021		2020
Income before taxes		**353.0**		**219.8**
Depreciation and amortization of tangible and intangible assets and right-of-use assets	104.8		97.7	
Loss on sale of tangible and intangible assets, net	1.1		2.8	
Share of (profit)/loss in associates/joint ventures, net	(1.5)		(0.4)	
Increase/(decrease) in long-term provisions and long-term contract liabilities	1.5		(9.0)	
Financial (income)/expense, net	20.7		10.7	
Share based payments	15.5		11.4	
Other non-cash items	(6.0)		8.9	
Income taxes paid	(31.3)	104.8	(3.3)	118.7
Cash flow before changes in net working capital		**457.8**		**338.4**
Increase in trade receivables	(9.0)		(3.8)	
Increase in other receivables and prepaid expenses	(19.5)		(7.2)	
(Increase)/decrease in inventories	(11.3)		2.3	
Decrease in trade payables	(22.2)		(30.2)	
Increase in other payables, accruals, short-term provisions and short-term contract liabilities[1]	13.9	(48.1)	19.3	(19.7)
Cash flow from operating activities[1]		**409.8**		**318.8**
Purchase of tangible and intangible assets	(38.1)		(41.0)	
Proceeds from sale of tangible and intangible assets	0.7		0.7	
Cash consideration for acquisitions, net of cash acquired[1]	(73.7)		(5.2)	
Cash consideration from divestments, net of cash divested	0.0			
Changes in other financial assets	(2.6)		2.0	
Interest received	0.7		1.0	
Cash flow from investing activities[1]		**(113.0)**		**(42.6)**
Proceeds from borrowings			997.9	
Repayment of borrowings			(230.0)	
Repayment of lease liabilities	(31.5)		(33.7)	
Share buyback program[2]	(249.3)		(22.4)	
Sale of treasury shares[3]	23.1		10.2	
Purchase of treasury shares	(71.7)			
Dividends paid by Sonova Holding AG[4]	(201.6)		(0.2)	
Dividends to non-controlling interests	(6.2)			
Interest paid	(9.4)		(3.4)	
Cash flow from financing activities		**(546.6)**		**718.4**
Exchange losses on cash and cash equivalents		(1.1)		(0.7)
(Decrease)/increase in cash and cash equivalents		**(250.9)**		**993.9**
Cash and cash equivalents as of April 1		1,772.2		450.2
Cash and cash equivalents as of September 30		**1,521.3**		**1,444.1**

[1] The cash flow for 2020 was restated as disclosed in Note 6.
[2] Further information on the share buyback program are disclosed in Note 11.
[3] In relation to long-term equity incentive plans.
[4] In 2020, the Annual General Shareholders' Meeting declared a stock dividend, for further information refer to Note 11.

The Notes are an integral part of the interim consolidated financial statements.

Consolidated statement of changes in equity

CHF million

	Attributable to equity holders of Sonova Holding AG					
	Share capital	Retained earnings and other reserves	Translation adjustment	Treasury shares	Non-controlling interests	Total equity
Balance April 1, 2020[1)]	**3.2**	**2,849.0**	**(406.8)**	**(447.5)**	**18.2**	**2,016.1**
Income for the period		204.1			(0.8)	203.2
Actuarial gain from defined benefit plans, net		27.5				27.5
Tax effect on actuarial result		(3.3)				(3.3)
Currency translation differences			9.5		(0.2)	9.3
Tax effect on currency translation			0.4			0.4
Total comprehensive income		**228.3**	**9.8**		**(1.0)**	**237.1**
Share-based payments		(0.4)				(0.4)
Sale of treasury shares[2)]		(10.8)		37.4		26.6
Stock dividend[3)]		(100.4)		100.2		(0.2)
Balance September 30, 2020[1)]	**3.2**	**2,965.6**	**(396.9)**	**(309.9)**	**17.2**	**2,279.2**

	Share capital	Retained earnings and other reserves	Translation adjustment	Treasury shares	Non-controlling interests	Total equity
Balance April 1, 2021	**3.2**	**3,370.2**	**(318.6)**	**(306.9)**	**24.5**	**2,772.5**
Income for the period		294.8			7.1	301.9
Actuarial gain from defined benefit plans, net		55.9				55.9
Tax effect on actuarial result		(6.7)				(6.7)
Currency translation differences			(38.4)		(0.8)	(39.2)
Tax effect on currency translation			1.1			1.1
Total comprehensive income		**344.0**	**(37.3)**		**6.3**	**313.1**
Capital decrease – share buyback program	(0.1)	(277.5)		277.5		0.0
Share-based payments		(2.4)		21.9		19.5
Sale of treasury shares[2)]		(37.2)		60.3		23.1
Purchase of treasury shares				(348.3)		(348.3)
Dividend paid		(201.6)			(6.2)	(207.9)
Balance September 30, 2021	**3.2**	**3,195.5**	**(355.8)**	**(295.5)**	**24.6**	**2,572.0**

1) The consolidated statement of changes in equity as of April 1, 2020 and as of September 30, 2020 was restated as disclosed in Note 6.
2) In relation to long-term equity incentive plans.
3) In 2020, the Annual General Shareholders' Meeting declared a stock dividend, for further information refer to Note 11.

The Notes are an integral part of the interim consolidated financial statements.

Notes to the interim consolidated financial statements as of September 30, 2021

1. Corporate information

The Sonova Group (the "Group") specializes in the design, development, manufacture, worldwide distribution and service of technologically advanced hearing systems for adults and children with hearing impairment. The Group operates worldwide and distributes its products in over 100 countries through its own distribution network and through independent distributors. The Group operates in industries where no material seasonal or cyclical variations in sales are experienced. The ultimate parent company is Sonova Holding AG, a public limited liability company incorporated in Switzerland. Sonova Holding AG's registered office is located at Laubisrütistrasse 28, 8712 Stäfa, Switzerland.

2. Basis of preparation of the consolidated financial statements

These unaudited financial statements are the interim consolidated financial statements of Sonova Holding AG and its subsidiaries for the six month period that ended September 30, 2021. These financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the consolidated financial statements for the year that ended March 31, 2021. The interim consolidated financial statements were approved by the Board of Directors on November 10, 2021.

The preparation of financial statements requires management to make assumptions and estimates that affect the amounts reported for assets and liabilities and contingent assets and liabilities at the date of the financial statements as well as revenue and expenses reported. Actual results could differ from these estimates.

As of September 30, 2021, the actuarial valuations for the primary pension plans were updated. For the Swiss pension plans the actuarial assumptions regarding the demography was updated from BVG 2015GT to BVG 2020GT.

Income tax expense is recognized based upon the best estimate of the average annual income tax rate expected for the full year.

3. Changes in accounting policies

Except for the revised IFRS standards and amendments, the Group consistently applied the same accounting policies as in the Annual Financial Statements for the financial year that ended March 31, 2021.

A number of minor amendments to existing standards and interpretations were effective from April 1, 2021 without having a significant impact on the Group's result and financial position.

New and revised standards and interpretations that will be effective for the financial year starting April 1, 2022 and beyond are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. Income statement reconciliation

The Group presents the "Consolidated income statement" based on a classification of costs by function and is frequently amending its business portfolio with acquisitions, resulting in acquisition-related intangibles and related amortization charges. To calculate EBITA[1], which is the key profit metric for internal as well as external purposes, acquisition-related amortization is separated from the individual functions as disclosed below.

April 1 to September 30, CHF million			2021
	Income statement as reported	Acquis. related amortization	**Income statement EBITA separation**
Sales	**1,603.8**		**1,603.8**
Cost of sales	(422.1)		(422.1)
Gross profit	**1,181.7**		**1,181.7**
Research and development	(115.2)	0.5	(114.8)
Sales and marketing	(543.1)	21.2	(521.8)
General and administration	(150.7)		(150.7)
Other income/(expenses), net	(0.5)		(0.5)
Operating profit before acquisition-related amortization (EBITA)[1]			**393.9**
Acquisition-related amortization		(21.7)	(21.7)
Operating profit (EBIT)[2]	**372.2**		**372.2**

April 1 to September 30, CHF million			2020
	Income statement as reported	Acquis. related amortization	**Income statement EBITA separation**
Sales	**1,069.6**		**1,069.6**
Cost of sales	(330.6)		(330.6)
Gross profit	**739.0**		**739.0**
Research and development	(78.8)	0.4	(78.3)
Sales and marketing	(405.7)	20.9	(384.8)
General and administration	(124.0)		(124.0)
Other income/(expenses), net	99.5		99.5
Operating profit before acquisition-related amortization (EBITA)[1]			**251.4**
Acquisition-related amortization		(21.4)	(21.4)
Operating profit (EBIT)[2]	**230.0**		**230.0**

1) Earnings before financial result, share of profit/(loss) in associates/joint ventures, taxes and acquisition-related amortization (EBITA).
2) Earnings before financial result, share of profit/(loss) in associates/joint ventures and taxes (EBIT).

5. Significant events and transactions

Government grants (COVID-19 pandemic)

The consolidated income statement for the first half of the financial year 2021/22 includes government support received worldwide in connection with the pandemic in the amount of CHF 1.5 million (thereof CHF 0.1 million in cost of sales, CHF 0.1 million in research and development, CHF 1.2 million in sales and marketing and CHF 0.2 million in general and administration. In the first half of the financial year 2020/21 government support amounted to CHF 43.4 million (thereof CHF 4.4 million in cost of sales, CHF 1.8 million in research and development, CHF 31.3 million in sales and marketing and CHF 5.9 million in general and administration).

Restructuring costs

The Group's result for the first half of the financial year 2021/22 includes restructuring costs in connection with structural optimization initiatives in the amount of CHF 7.4 million (thereof CHF 1.4 million in cost of sales, CHF 4.4 million in sales and marketing and CHF 1.6 million in general and administration) that are included in short-term provisions in the balance sheet as of September 30, 2021. The Group expects the cash outflows to occur within the next 12 months. In the first half of the financial year 2020/21 restructuring costs amounted to CHF 21.9 million (thereof CHF 1.3 million in cost of sales, CHF 0.2 million in research and development, CHF 16.6 million in sales and marketing and CHF 3.8 million in general and administration).

6. Changes in Group structure

During the first half of financial year 2021/22 several small businesses were acquired in EMEA, North America and Asia and one small business was divested in Asia.

During the first six months of financial year 2020/21 no businesses were acquired/divested. Assets and liabilities from acquisitions in the reporting period 2020/21 related to fair value changes from acquisitions recorded provisionally in the previous financial year.

All of the acquired companies are engaged in the business of selling hearing instruments and have been accounted for by applying the acquisition method. Incremental assets and liabilities resulting from the acquisitions are as follows:

CHF million	**2021**	**2020**
	Total	Total
Trade receivables	2.1	
Other current assets	12.3	0.4
Property, plant & equipment	2.3	0.0
Right-of-use assets	13.1	
Intangible assets	23.9	(0.1)
Other non-current assets	0.4	
Current liabilities	(12.3)	
Non-current liabilities	(16.3)	(0.0)
Net assets	**25.5**	**0.3**
Goodwill	60.2	(0.1)
Purchase consideration	**85.7**	**0.2**
Liabilities for contingent considerations and deferred payments	(7.9)	(0.2)
Cash and cash equivalents acquired	(9.9)	(0.4)
Cash outflow for contingent considerations and deferred payments	5.9	5.7
Cash consideration for acquisitions, net of cash acquired	**73.7**	**5.2**

The initial accounting for the acquisitions completed in the current financial year is provisional and the fair values assigned to the identifiable assets acquired and liabilities assumed are still subject to change.

Liabilities for contingent considerations amount to CHF 7.9 million and are dependent on the future performance of the acquired companies as well as contractual obligations and milestone achievements. Goodwill is attributed mainly to economies of scale and expected synergies such as favorable sales growth potential, increase in share of Sonova products within acquired distribution companies and cost reduction in administrative and corporate functions as well as to the labor force. Recognized goodwill is not expected to be deductible for income tax purposes.

Acquisition-related intangible assets in the amount of CHF 23.9 million (prior year period: none) relate to customer relationships. The assigned lifetime range is between 10 and 15 years. On these intangibles deferred taxes have been considered.

Acquisition-related transaction costs in the amount of CHF 0.8 million (prior year period: none) have been expensed and are included in the line “General and administration”.

April 1 to September 30, CHF million	2021	2020[1]
	Total	Total
Contribution of acquired companies from date of acquisition		
Sales	12.6	
Net income	1.0	
Contribution, if the acquisitions had occurred on April 1		
Sales	20.3	
Net income	2.3	

[1] During the first half of financial year 2020/21 no businesses were acquired.

Restated Balance sheet as of September 30, 2020

As disclosed in Note 6.1 of the Annual Report 2020/21, the Group became aware of a misinterpretation of an accounting standard in determining the purchase consideration for an acquisition in 2019/20. The balance sheet as of September 30, 2020 was adjusted to reflect the correction of the opening equity as at April 1, 2020 (refer to Annual Report 2020/21) as well as the movements in the liabilities and equity during the first half of 2020/21. A reconciliation to the previously reported balance sheet, statement of comprehensive income and cash flow statement is provided below:

Consolidated balance sheet

Assets CHF million	As reported 30.9.2020	Adjustment	Restated 30.9.2020
Intangible assets	2,404.2	(35.8)	2,368.4
Total non-current assets	**3,246.4**	**(35.8)**	**3,210.6**
Total assets	**5,453.8**	**(35.8)**	**5,418.0**

Liabilities and equity CHF million	As reported 30.9.2020	Adjustment	Restated 30.9.2020
Current financial liabilities	23.2	(10.1)	13.0
Other short-term operating liabilities	304.6	2.7	307.3
Total current liabilities	**860.3**	**(7.4)**	**852.9**
Non-current financial liabilities	1,580.5	(20.1)	1,560.4
Total non-current liabilities	**2,306.0**	**(20.1)**	**2,285.9**
Total liabilities	**3,166.3**	**(27.5)**	**3,138.8**
Treasury shares	(309.1)	(0.8)	(309.9)
Retained earnings and reserves	2,576.2	(7.5)	2,568.7
Equity	**2,287.5**	**(8.2)**	**2,279.2**
Total liabilities and equity	**5,453.8**	**(35.8)**	**5,418.0**

Consolidated statement of comprehensive income

April 1 to September 30, in CHF million	As reported 2020	Adjustment	Restated 2020
Fair value adjustment of financial liabilities at fair value through other comprehensive income (FVOCI)	(5.0)	5.0	
Other comprehensive income, net of tax	**28.9**	**5.0**	**33.9**
Total comprehensive income	**232.1**	**5.0**	**237.1**

Consolidated cash flow statement

April 1 to September 30, in CHF million	As reported 2020	Adjustment	Restated 2020
Increase in other payables, accruals, short-term provisions and short-term contract liabilities	26.3	(7.0)	19.3
Cash flow from operating activities	**325.8**	**(7.0)**	**318.8**
Cash consideration for acquisitions, net of cash acquired	(12.2)	7.0	(5.2)
Cash flow from investing activities	**(49.6)**	**7.0**	**(42.6)**

7. Segment information

The Group is active in two business segments, Hearing Instruments and Cochlear Implants. The segment information for the first six months of financial years 2021/22 and 2020/21 is as follows:

CHF million	2021	2020	2021	2020	2021	2020	2021	2020
	Hearing Instruments		Cochlear Implants		Corporate/ Eliminations		Total	Total
Segment sales	1,467.9	990.8	139.6	84.0			1,607.5	1,074.7
Intersegment sales	(2.3)	(4.2)	(1.3)	(0.8)			(3.6)	(5.1)
Sales	**1,465.6**	**986.5**	**138.3**	**83.1**			**1,603.8**	**1,069.6**
Timing of revenue recognition								
At point in time	1,395.1	918.0	134.6	81.1			1,529.6	999.1
Over time	70.5	68.5	3.7	2.0			74.2	70.5
Total sales	**1,465.6**	**986.5**	**138.3**	**83.1**			**1,603.8**	**1,069.6**
Operating profit before acquisition-related amortization (EBITA)	**376.9**	**163.6**	**17.1**	**87.7**[1]	**(0.0)**	**0.1**	**393.9**	**251.4**
Depreciation and amortization	(85.8)	(85.8)	(19.0)	(11.9)			(104.8)	(97.7)
Segment assets[2]	**4,114.0**	**3,933.6**	**593.8**	**600.1**	**(708.8)**	**(776.4)**	**3,999.1**	**3,757.3**
Unallocated assets[3]							1,739.7	1,660.7
Total assets[2]							**5,738.8**	**5,418.0**

1) Including damages awarded in patent infringement lawsuit to Advanced Bionics of CHF 99.0 million.
2) Assets for 2020 were restated as disclosed in Note 6.
3) Unallocated assets include cash and cash equivalents, other current financial assets (excluding loans), investments in associates/joint ventures, employee benefit assets and deferred tax assets.

Reconciliation of reportable segment profit CHF million	2021	2020
EBITA	393.9	251.4
Acquisition-related amortization	(21.7)	(21.4)
Financial costs, net	(20.7)	(10.7)
Share of profit/(loss) in associates/joint ventures, net	1.5	0.4
Income before taxes	**353.0**	**219.8**

8. Earnings per share

Basic earnings per share is calculated by dividing the income after taxes attributable to the ordinary equity holders of the parent company by the weighted average number of shares outstanding during the year.

Basic earnings per share	2021	2020
Income after taxes (CHF million)	294.8	204.1
Weighted average number of outstanding shares	62,833,621	62,884,277
Basic earnings per share (CHF)[1]	**4.69**	**3.25**

[1] In 2020, income after taxes included damages awarded in patent infringement lawsuit to Advanced Bionics of CHF 99.0 million.

In the case of diluted earnings per share, the weighted average number of shares outstanding is adjusted for all outstanding dilutive options. The weighted average number of shares is adjusted for all dilutive options issued under the stock option plans which have been granted in 2015 through 2021 and which have not yet been exercised. The calculation of diluted earnings per share is based on the same income after taxes for the period as used in calculating basic earnings per share.

Diluted earnings per share	2021	2020
Income after taxes (CHF million)	294.8	204.1
Weighted average number of outstanding shares	62,833,621	62,884,277
Adjustment for dilutive share options	441,512	218,966
Adjusted weighted average number of outstanding shares	63,275,133	63,103,242
Diluted earnings per share (CHF)[1]	**4.66**	**3.23**

[1] In 2020, income after taxes included damages awarded in patent infringement lawsuit to Advanced Bionics of CHF 99.0 million.

9. Contingent assets and liabilities

There have been no material changes in contingent assets and liabilities since March 31, 2021.

10. Financial liabilities

As of September 30, 2021, unchanged to March 31, 2021, the Group has the following bonds/US Private Placement outstanding.

Financial liabilities (CHF million)	Currency	Nominal value	Maturity
Fixed-rate bond	CHF	360	October 11, 2021
Fixed-rate bond	CHF	330	April 6, 2022
US Private Placement	USD	180	July 14, 2025
Fixed-rate bond	CHF	200	October 6, 2025
Fixed-rate bond	CHF	300	October 6, 2028
Fixed-rate bond	CHF	100	October 11, 2029
Fixed-rate bond	CHF	100	October 11, 2034

11. Movements in share capital

The Annual General Shareholders' Meeting of June 15, 2021 declared a gross dividend of CHF 3.20 per registered share for the financial year 2020/21. The dividend was paid in June 2021 to all shares outstanding, excluding treasury shares.

As announced on May 18, 2021, the Board of Directors of Sonova Holding AG has decided to initiate a share buyback program with a maximum overall value of CHF 700 million. The shares are repurchased for the purpose of a capital reduction, subject to approval by future Annual General Shareholders' Meetings. The new program started in June 2021 and will run until March 2022. For further details refer to the Group's media releases.

Issued registered shares	Issued registered shares	Treasury shares[1]	Outstanding shares
Balance April 1, 2020	64,398,137	(1,970,548)	62,427,589
Sale/transfer of treasury shares		179,166	179,166
Stock dividend[2]		417,110	417,110
Balance September 30, 2020	**64,398,137**	**(1,374,272)**	**63,023,865**
Balance April 1, 2021	64,398,137	(1,355,464)	63,042,673
Purchase of treasury shares		(225,000)	(225,000)
Sale/transfer of treasury shares		281,315	281,315
Cancellation of treasury shares[3]	(1,225,980)	1,225,980	
Purchase of treasury shares from share buyback		(785,628)	(785,628)
Balance September 30, 2021	**63,172,157**	**(858,797)**	**62,313,360**

Each share has a nominal value of CHF 0.05.

1) Treasury shares are purchased on the open market and are not entitled to dividends.

2) The Annual General Shareholder's Meeting of June 11, 2020, approved the proposed distribution of a stock dividend, resulting in a reduction of retained earnings and other reserves of CHF 100.4 million and changes in treasury shares of CHF 100.2 million.

3) The Annual General Shareholder's Meeting of June 15, 2021, approved the proposed cancellation of 1,225,980 treasury shares, resulting in a reduction of share capital of 61,299 Swiss francs, retained earnings and other reserves of CHF 277.5 million offset by changes in treasury shares of CHF 277.5 million. This cancellation has been executed on September 2, 2021.

12. Events after balance sheet date

On October 11, 2021, the Group repaid a CHF 360 million five year fixed-rate bond.

On May 7, 2021 the Group announced that it signed an agreement to acquire the Consumer Division from Sennheiser electronic GmbH & Co. KG (Sennheiser). The product offering of the Consumer Division includes premium headphones – especially in the True Wireless segment – as well as audiophile headphones, enhanced hearing solutions and soundbars. They are sold through a well-established distribution network by Sennheiser's own subsidiaries and long-established trading partners in more than 50 countries, both online and in-store, further expanding Sonova's channel presence and customer base. The Sennheiser Consumer Division, with currently around 600 employees contributing to this business area worldwide, generates sales of around EUR 250 million annually. The purchase price for the Sennheiser Consumer Division amounts to EUR 200 million, which will be financed through the existing cash balance. A licensing agreement on customary terms for the Sennheiser brand will be in place in perpetuity. On October 19, 2021 the Group announced that it expects to close the planned acquisition before the end of financial year 2021/22. The closing had previously been expected before the end of calendar year 2021. The postponement is related to final operative tasks within the carve-out project – for example the migration of IT systems – which need more time than originally expected. Sonova and Sennheiser have made significant progress towards a successful closing in recent months and remain fully committed to successfully conclude the transaction. The regulatory approvals in all relevant jurisdictions have been received.

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Imprint
Publishing system: ns.publish by mms solutions AG

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