Investor Presentation

February 2023

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Sonova Group & hearing care market

Sonova Group results

Key highlights – HY 2022/23

Sales

CHF 1,847 m

+17.9% in LC

+15.1% in CHF

EPS (adj.)

CHF 4.90 per share

+7.0% in LC

+0.8% in CHF

Sales outlook

+15-19%

growth in LC
in FY 2022/23

EBITA (adj.)

CHF 398.1 m

+3.0% in LC

-2.0% in CHF

Innovation

Phonak Lumity

Successful launch and positive market response

EBITA (adj.) outlook

+ 6-10%

growth in LC
in FY 2022/23

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments.

Sonova Group

Reasons to invest in Sonova

Attractive market

- Attractive secular growth drivers
- Relative resilience to economic cycles
- Good penetration potential in both hearing devices and implants
- Continued potential to innovate “Better Hearing”
- Opportunity to elevate hearing aids to become a “healthy living companion”

Leading market position

- Leading positions in key market segments
- Advanced vertically integrated business model
- Broadest and most advanced product offering
- Global and differentiated distribution network

Strong financials

- Attractive margin with further upside
- Significant capacity for growth investments
- Strong balance sheet
- Solid free cash flow and low tax rate

Note: HI = Hearing Instruments; CI = Cochlear Implants

► Strong fundamentals and attractive growth potential fully intact

Our businesses

Company structure and key brands

Hearing Instruments segment			Cochlear Implants segment
Hearing Instruments	Audiological Care	Consumer Hearing	Cochlear Implants

Note: Use of Sennheiser brand under license from Sennheiser electronic GmbH & Co. KG

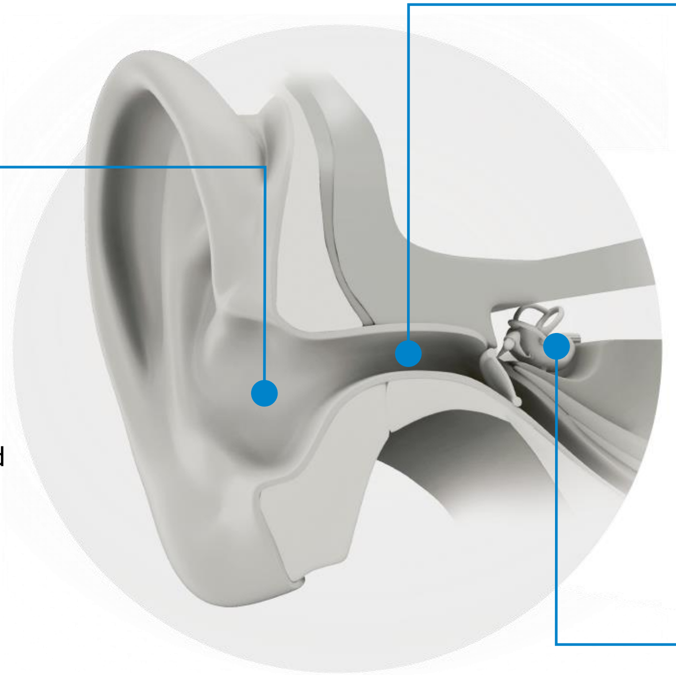
Product and service offering

Broadest and most advanced offering of hearing care solutions

SENNHEISER

Consumer Hearing

- Premium & True Wireless headphones
- Enhanced hearing
- Audiophile
- Speech-enhanced hearables



PHONAK unitron

Hearing Instruments

- Receiver-In-Canal (RIC) hearing instruments
- In-The-Ear (ITE) hearing instruments
- Behind-The-Ear (BTE) hearing instruments
- Roger wireless systems

ADVANCED BIONICS

Cochlear Implants

- Sound processors
- Cochlear implant systems with electrodes

AudioNova

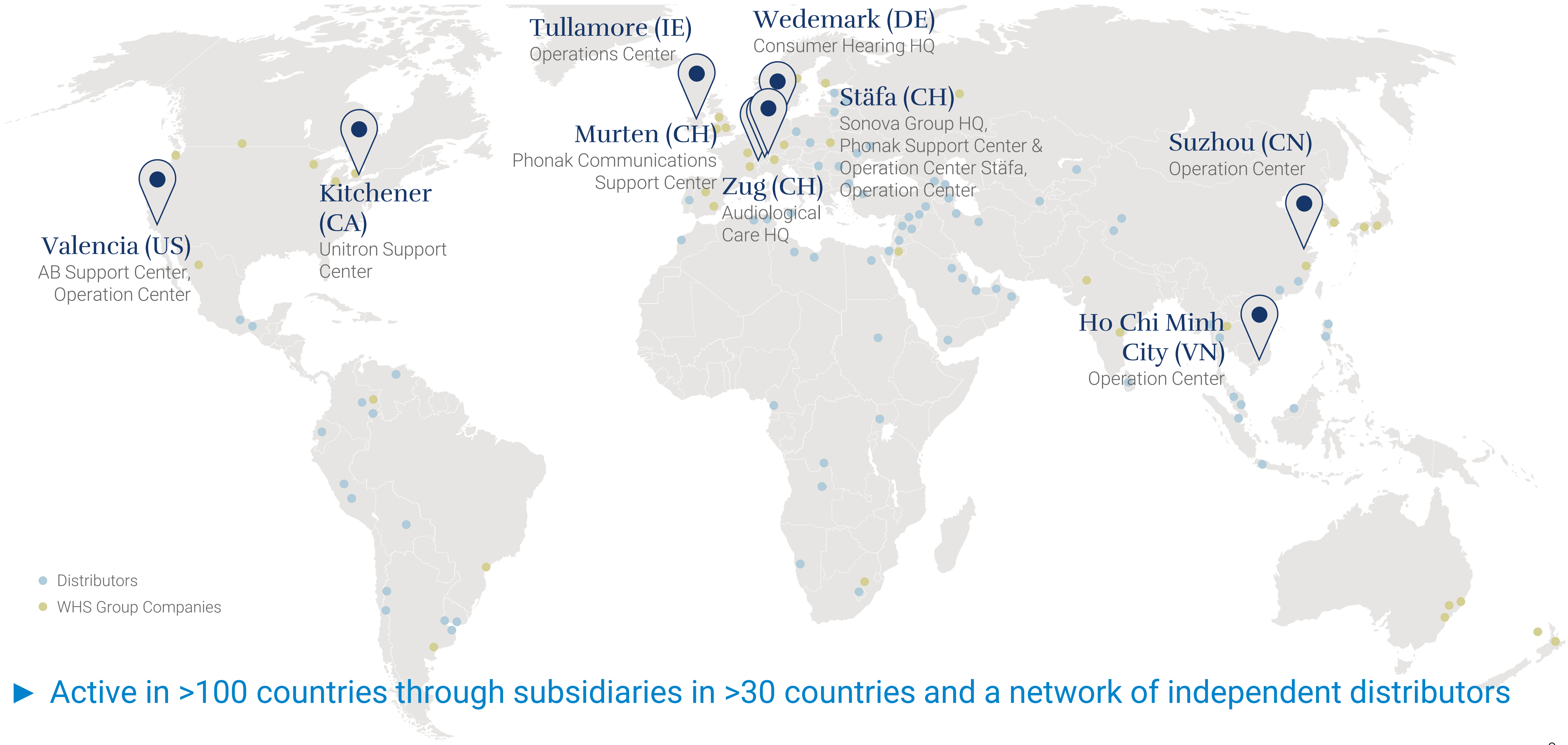
Audiological Care

- Individual diagnostics and analysis
- Hearing assessments and counseling, personalized fitting of hearing aids
- After care and hearing aid maintenance services

Note: Sennheiser ™ is a registered trademark of Sennheiser electronic GmbH & Co. KG used under license by Sonova.

Our footprint

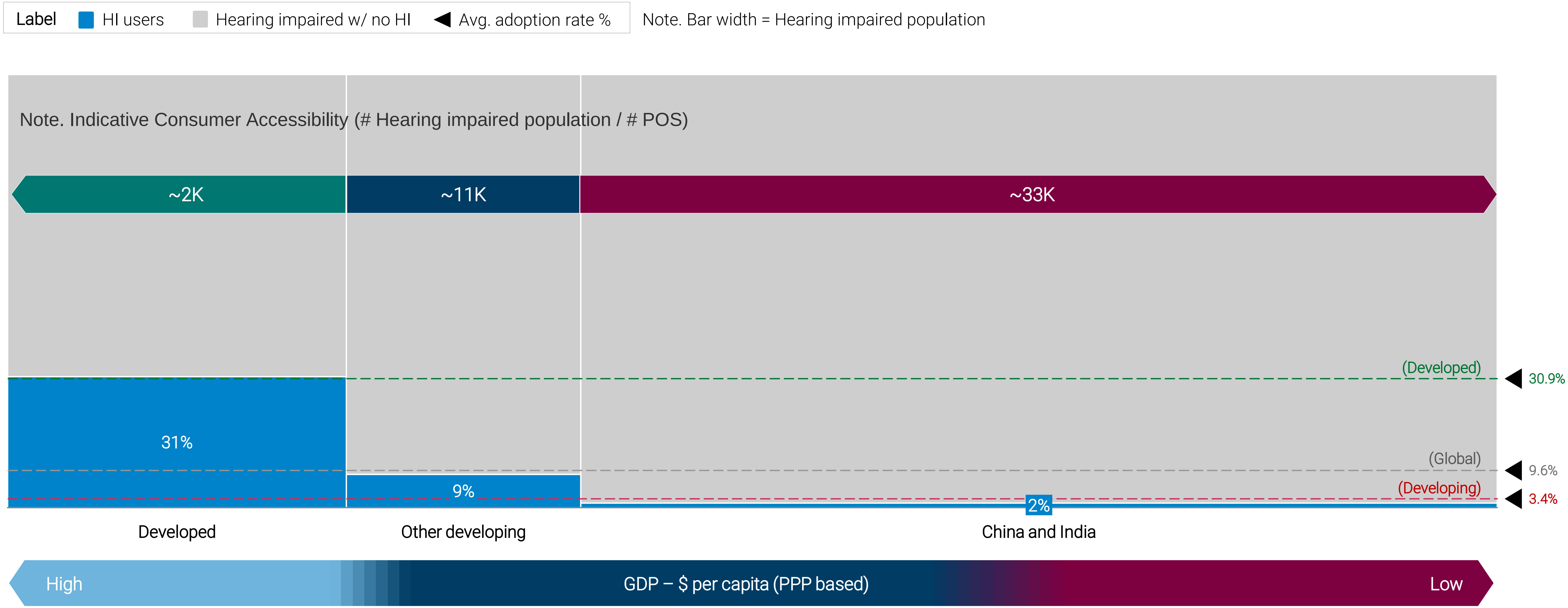
Strong global presence



► Active in >100 countries through subsidiaries in >30 countries and a network of independent distributors

Market potential

Market penetration and access to hearing care



Note: Based on CIA Factbook – Gross domestic product converted to international dollars using purchasing power parity (PPP) rates and divided by total population

► Current penetration levels and improving consumer access to hearing care offers significant upside

Hearing care market

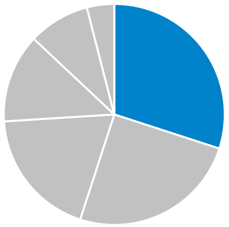
Attractive size and growth potential

Hearing Instruments manufacturing

~ CHF 6-7 bn

Long term growth rate:
~3-5%

1 in the HI market

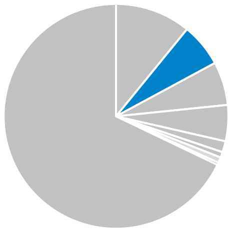


Audiological Care

~ CHF 11-12 bn

Long term market growth rate:
~ 3-5%

2 in the retail market

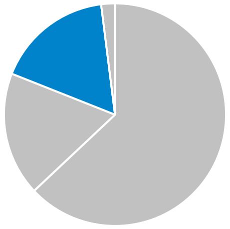


Cochlear Instruments manufacturing

~ CHF 1.5 bn

Long term market growth rate:
~5-10%

2/3 in the CI market

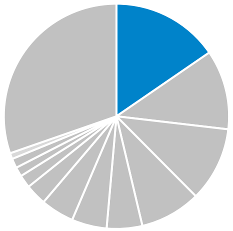


Total hearing care market

~ CHF 19-20 bn

Long term market growth rate:
~4-5%

1 in the hearing care market

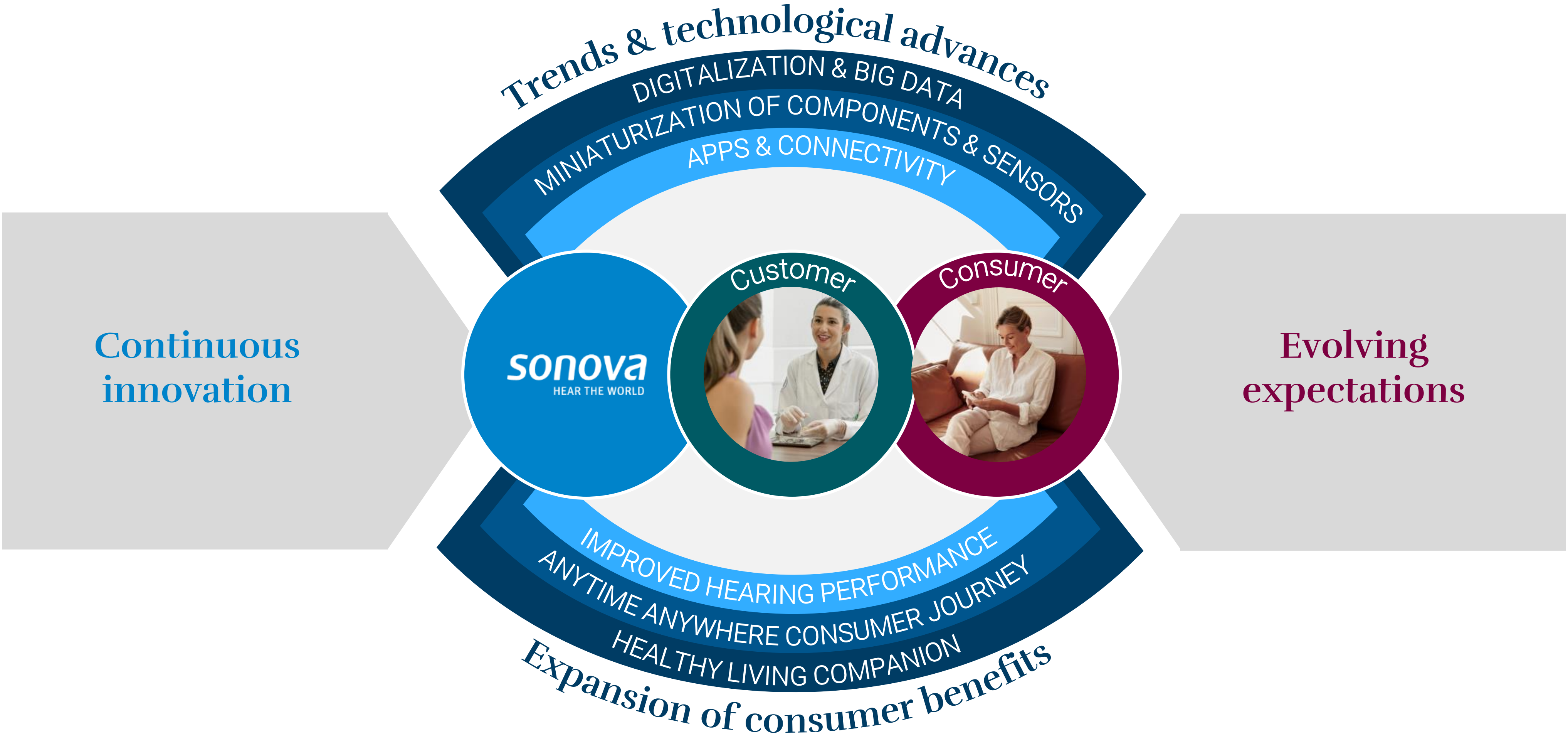


► Sonova – #1 position in the overall hearing care market

Source: Sonova estimates for market size in CY 2021; market CAGR refers to mid-term growth rate post COVID effects

Market trends

Technological advances and expansion of consumer benefits



► Sonova's opportunity: Innovation leadership to address megatrends and to elevate consumer journey

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2 Our strategy

Our strategy

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Six strategic pillars

Lead innovation in audiological performance & consumer experience

Leverage **M&A** to accelerate growth strategically

Expand consumer access through **omni-channel audiological care network** and **consumer device** business

Continuous **process improvement & structural optimization**

Extend reach through **multi-channel, value-adding partnerships & commercial excellence**

Invest in **high growth developing markets**

► Consistent implementation of our proven strategy

Lead innovation

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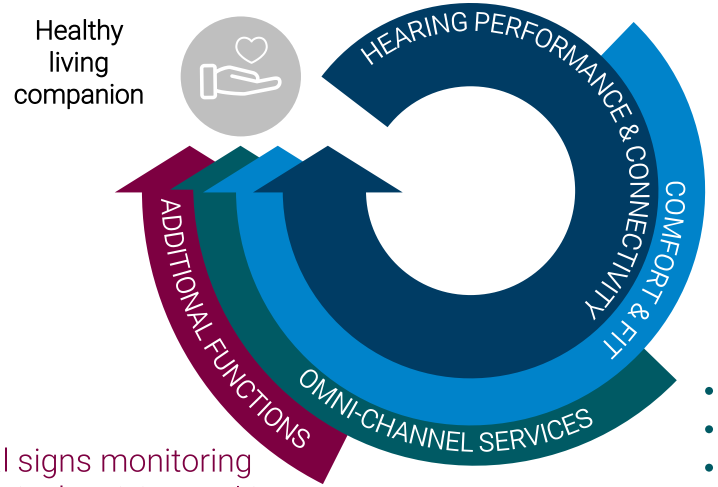
Building up competence in artificial intelligence and sensor technology

Innovation framework

- Effortless communication in daily life
- Natural and authentic sound quality
- Seamless adaptation to environment
- Multi-media streaming
- …



- Wearing comfort
- Size, aesthetics, handling
- Rechargeability
- Reliability
- …

- Fitting tool innovation
- First fit acceptance
- Personalization
- User empowerment
- Audiology Service Innovation
- …

- Vital signs monitoring
- Physical activity tracking
- Balance monitoring
- Tinnitus therapy
- …

Our R&D focus investments

➡ **Continued expansion of processing power**
  – Proprietary processing and connectivity chip technology

➡ **Elevating algorithms to enhance hearing performance**
  – Augmenting existing algorithm technology with AI technologies

➡ **Broadening functionality towards healthy living benefits**
  – Sensor technologies and algorithms
  – Collaborations with medical institutions on comorbidities

➡ **Expanding consumer applications**
  – App development and link into existing ecosystems

► Driving innovation to elevate hearing aids – Expanding R&D investments, DD 3-year CAGR

Lead innovation

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Successful launch of new hearing instrument platform

Phonak Audéo Lumity – launched in August 2022

Improved speech understanding in challenging hearing situations[1,2]

Easy to use, rechargeable with new charger

2nd generation of **the world's first waterproof**, rechargeable hearing aid

Universal connectivity to a multitude of Bluetooth enabled devices

1 Appleton, J. (2020) AutoSense OS 4.0 - significantly less listening effort and preferred for speech intelligibility. Phonak Field Study News retrieved from www.phonakpro.com/evidence.
2 Woodward, J and Latzel, M (2022) New implementation of directional beamforming configurations show improved speech understanding and reduced listening effort. Phonak Field Study News in preparation. Expected end of 2022.

► Significant advancement in speech understanding – Strong customer response

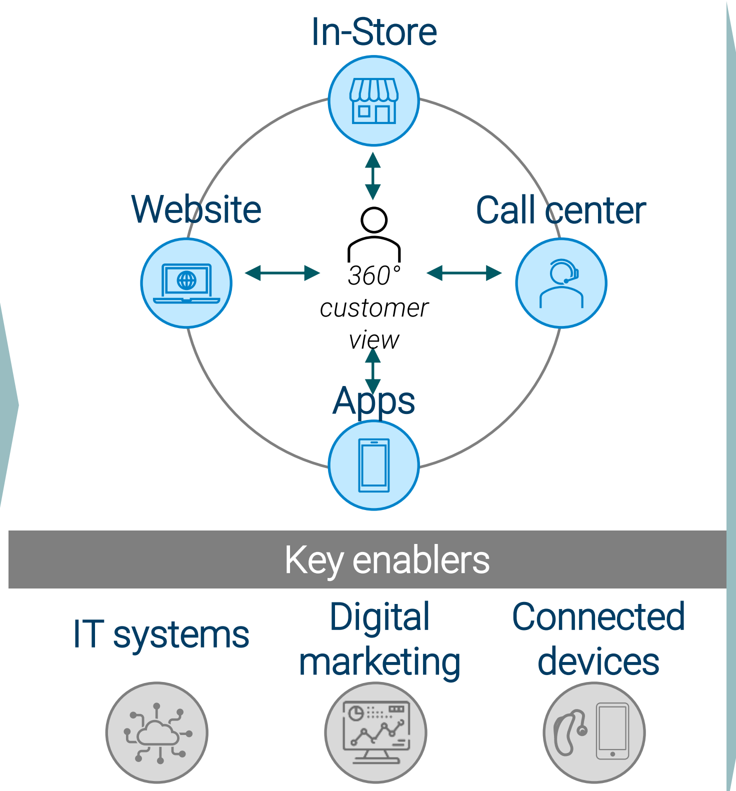
Expand consumer access – Omni-channel AC network

Proactive approach to serve changing consumer needs and driven by digitalization

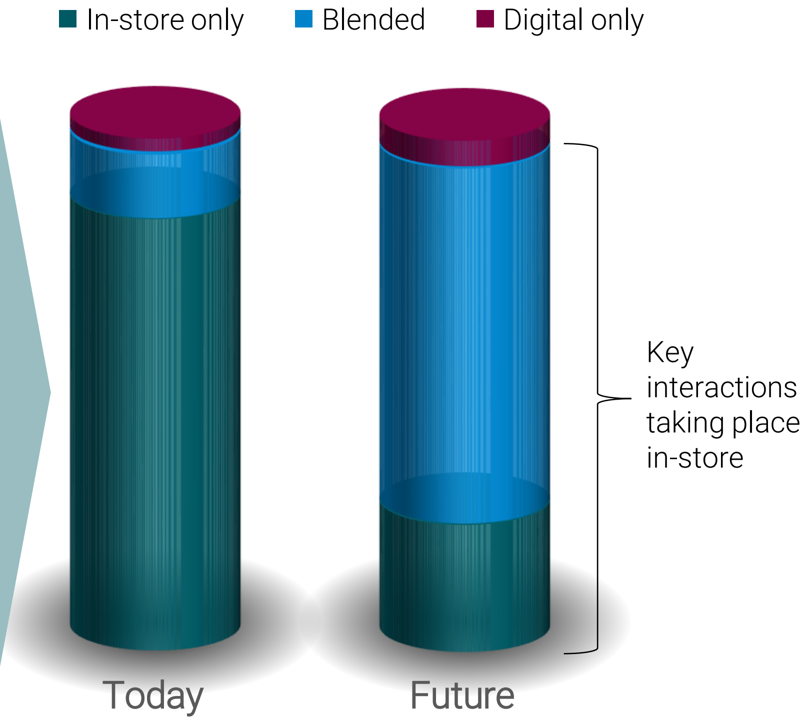
Omnichannel strategic pillars

- Personalized experience
- Lead generation & renewals
- Omnichannel sales & service
- TeleHealth and pro-active care

Ecosystem



Evolution of the channel mix



Blended model as a winning formula

► Sonova Audiological Care in a strong position to successfully drive omni-channel consumer journey

Expand consumer access – AC network expansion

Continued bolt-on acquisitions and greenfield openings

Systematic approach to:
- ➡ Increase store density
- ➡ Optimize the store footprint
- ➡ Enter new growth markets

Balance sheet investments:

Higher spending for bolt-ons

- ➡ Planned cash-out of 70-100 million p.a.

Over **CHF 60 million** invested in 1H 22/23, adding over **70 POS** with focus on the US

P&L investments:

Expansion with various store formats

Opened over **50 POS** in 1H 22/23

Mid-term:
targeting combined MSD to HSD percentage points average annual growth contribution in AC

► Continued investment in network expansion – in line with our strategy

Driving growth by elevating commercial execution

Delivering value through customer segmentation, lead generation and training

Achievements*

>20% revenue growth
YoY on competitive accounts

>3x better competitive conversion rate

2x more customer intakes with higher propension to change

35% faster to close a deal

2x more visits per week

* Achievements over the past 3 years

The workstreams

Sales

Comprehensive funnel management for sales opportunities

- Standard process, tools, metrics and rigorous monitoring

Optimized coverage via Improved go-to-market and right-sized number of feet-on-the street

- Deployed in Major Group Companies in Western Europe and North America
- Asia and remaining Europe in progress

Marketing

Holistic approach to capitalize customer's needs and motivation to do business with Sonova

- Intakes scoring to identify higher propensity to change
- Drive customer engagement via data analytics
- Maximize campaign impact via standard performance framework

Sales Academy

Develop best-in-class sales organization that shines in front of customer

- Training program to elevate sales capabilities and skills of our sales teams
- Rolled out in key Group Companies in North America and Europe

sonovaX — Continuous improvement + Daily Management to guarantee sustainability

► Grow customer base through optimized coverage and commercial execution

Invest in high growth developing markets

China – A unique long-term opportunity

Strong digital AudioNova position

- MyAudioNova app and ecosystem on Tencent's WeChat platform
- 11 online sales channels across all major platforms under AudioNova brand
- Online Phonak flagship stores on Alibaba's T-Mall and JD

Own AudioNova store development

- Successful development of AudioNova store formats in greater Shanghai region
- Launch of World of Hearing store format setting new industry standards in the Chinese B2C HI market

HYSOUND acquisition (closed Dec. 2022)

- Highly professional, national network with medical expertise and high value creation per clinic
- More than 200 clinics and over 650 employees
- Price, sales and number of audiologists per clinic similar to European levels

► Combining our digital platform and own store development with HYSOUND, a strong national player

Continuous improvement

Sonova eXcellence – a structured methodology to continuously improve our core processes

Talent – key ingredient for sustainable success*

- Internal promotion rate from <50% to ~65%
- Voluntary attrition in US stores reduced from >30% to <10%

* Achievements in the past 4 years

Growth – maximizing returns*

- Number of customer visits per week doubled, enabling factor 3x increase of competitive visits
- AC client renewal rate up >10% – leveraging existing client base to reduce lead generation cost

* Achievements in the past 3 years

Continuous improvement – driving profitability and investment capacity

- Increased labor productivity by >10% p.a. through deployment of Kaizens broadly
- Reduced greenhouse gas emissions by 77% compared to 2017 levels

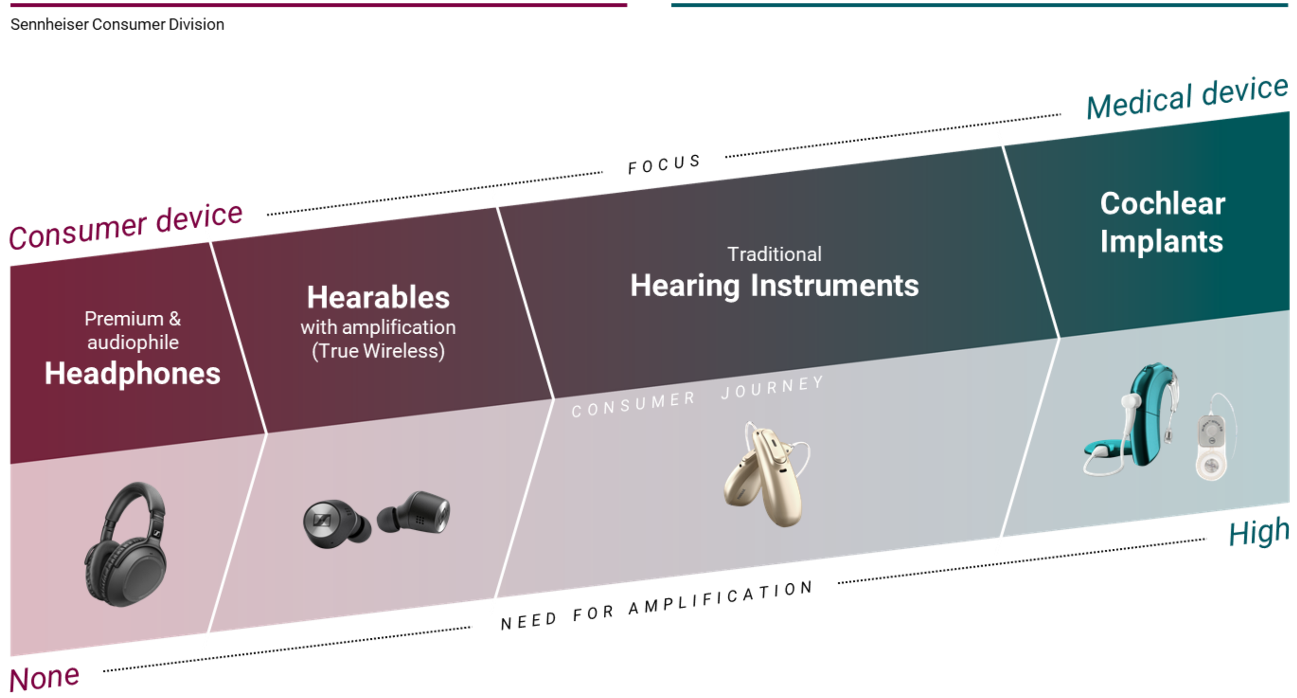
sonovaX – The foundation for our performance improvement

Leverage M&A to expand consumer access

Consumer Hearing (CH) business – Acquisition of Sennheiser Consumer Division

Strategic rationale:

- Joining forces in rapidly developing segment of **hearables with amplification**, jump-starting Sonova's own efforts
- Adding an **additional growth vector** by entering the fast-growing market of True Wireless headsets
- Expanding reach by capturing potential hearing instrument consumers **earlier on their journey**
- Gaining **access to new channels** and leveraging the strong Sennheiser brand
- **Leveraging the combined strengths** of Sonova's audiological expertise and Sennheiser's know-how in premium sound delivery
- Exploiting **significant synergies** in production, R&D and channel access



► First 9 months post closing we are on track with our Sennheiser business plan

Note: Use of Sennheiser brand under license from Sennheiser electronic GmbH & Co. KG.

Leverage M&A to expand consumer access

Consumer Hearing Business – Speech enhanced hearables as new market opportunity under the Sennheiser brand

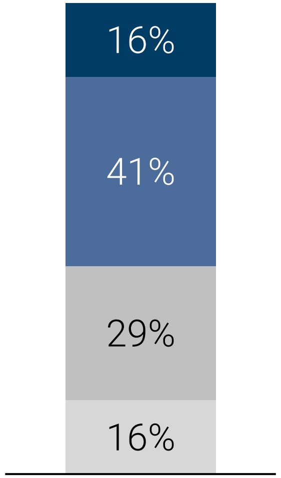
Market opportunity

Speech enhanced hearables – an attractive market opportunity

Speech Enhanced Hearables are used to help consumers improve their comprehension in noisy environments.

How relevant is this product to you?

*Base: n=1500**



Sennheiser Conversation Clear Plus earbuds

- Self fitting
- Clarity boost & auto scene detection
- Hybrid ANC
- Improved phone calls

* Research conducted in US, CN, DE with consumers experiencing mild to moderate hearing loss (Consumer research on assistive listening devices, January 2022.)

► First Sennheiser branded Speech Enhanced Hearable device launched in January 2023

3 ESG strategy

Sonova's commitment to sustainable success

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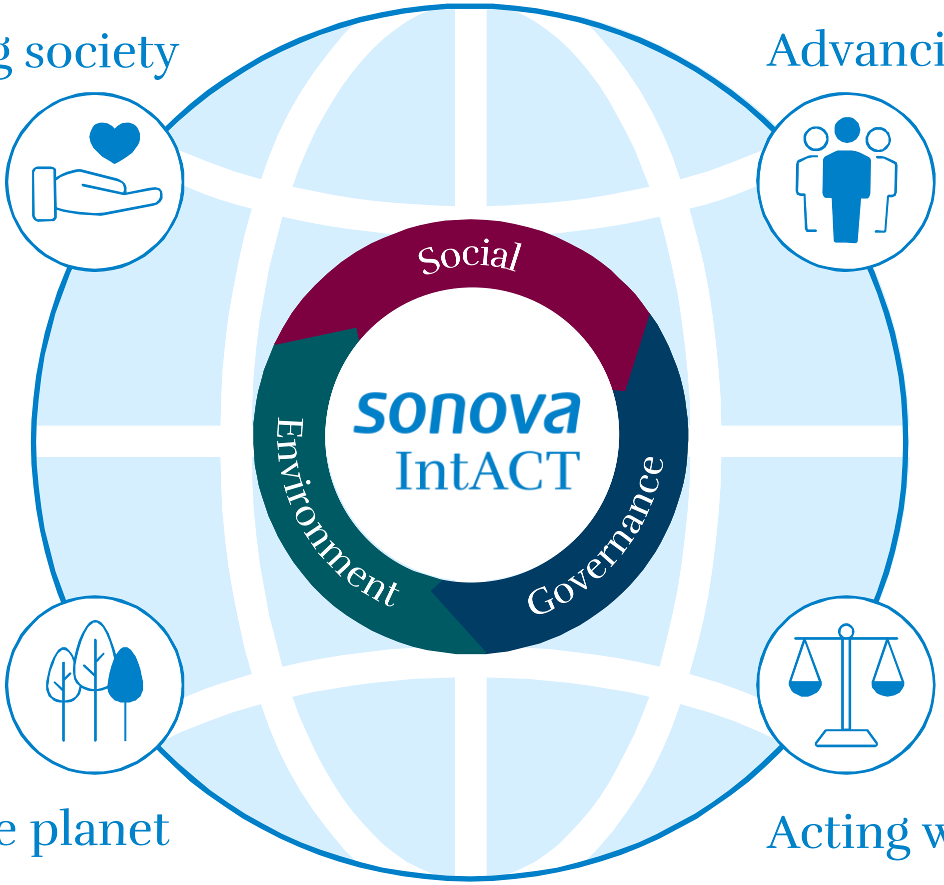
IntACT – Sonova's ESG Strategy

Serving society

We constantly innovate in hearing health care, improve access for people in under-served areas and engage actively with our communities.

Advancing our people

We foster our employees' development, well-being and engagement in an inclusive work environment that embraces diversity.



We drive the transition to a resource-efficient and low-carbon future of our operations throughout the lifecycle of our products and services.

Protecting the planet

We behave ethically and apply the highest quality and safety standards to everything we do.

Acting with integrity

► ESG strategy clustered around four strategic areas

ESG highlights

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Selected achievements highlighting progress towards our ESG targets

Environmental

- Committed to **science-based emissions reduction targets** for Scope 1, 2, and 3 CO_2e emissions (pending validation by SBTi)
- **Carbon neutral in our own operations** (Scope 1 and 2 CO_2e emissions) through energy efficiency measures, increasing our renewable energy ratio, and investing in certified offsetting projects in China, Vietnam, and Brazil

Social

- Across Sonova globally, **51.5% of all people managers are women**
- 97% of non-production or assembly employees have a **personal development plan**
- Global **employee health & wellbeing measures**, including hybrid working guidelines, leadership trainings on mental health, network of wellbeing champions

Governance

- Further advancing our **human rights due diligence** across our value chain in alignment with international frameworks, such as the UNGP and OECD Guidelines
- Implementing new solution for **supplier ESG risk assessment & monitoring**

► Continuous progress on implementing Sonova's ESG strategy IntACT

ESG ratings

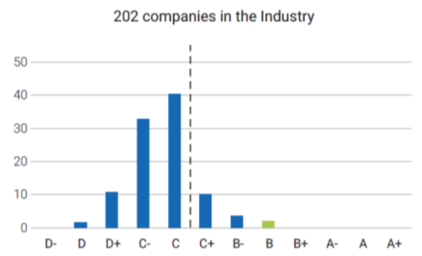
Overview of Sonova's rating results for environmental, social, and governance (ESG) factors

Sonova ESG ratings

Corporate ESG Performance Prime – RATED BY ISS ESG	MSCI – MSCI ESG RESEARCH INC.	SUSTAINALYTICS – a Morningstar company	Member of Dow Jones Sustainability Indices – Powered by the S&P Global CSA
B	**AA**	**Low ESG risk**	**DJSI member**

ISS ESG

Status: Prime (C+ or better)
Industry position: Top 2%



Last rating update: 21 Nov 2022

MSCI

Sonova received an MSCI ESG Rating of AA

MSCI ESG RATINGS — AA

CCC	B	BB	BBB	A	AA	AAA

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Last rating update: 28 Nov 2022

Sustainalytics

ESG Risk Rating **17.2**

Low Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Legend	Rank | Percentile (1st = Top Score)
Industry (Healthcare)	42 / 630 | 7th
Subindustry (Medical Devices)	1 / 226 | 1st

Last rating update: 6 Jul 2022

DJSI

Member of indices:
DJSI World & DJSI Europe

77 /100 — ESG score

99th — Industry percentile

Last rating update: 9 Dec 2022

► Major ESG rating agencies give Sonova industry-leading scores

4 Financial Information

Half Year 2022/23 – Highlights

Sound organic growth and positive contribution from acquisitions

Sales

- Sales of CHF 1,846.6 million
- Growth of +17.9% in LC (organic +5.0%), +15.1% in CHF – significant negative FX impact: CHF -44.4 million (-2.8%)
- Sound growth momentum, considering a slower than anticipated market development

Profitability

- Gross profit margin (adj.) of 69.6%, -350bps in LC – reflecting consolidation effect, adverse mix shift and higher input costs
- EBITA (adj.) of CHF 398.1 million, up +3.0% in LC, margin of 21.6%, down -320bps in LC
- YOY margin development driven by gross profit headwinds and expected dilution from M&A
- EPS (adj.) of CHF 4.90, up +7.0% in LC – development in CHF largely offset by negative FX (+0.8%)

OpFCF

- Operating free cash flow (OpFCF) at CHF 185.3 million, down -45.1% YOY
- YOY development driven by increase in NWC – mainly related to lower payables & accruals as well as receivables build-up related to the acquisition of the Sennheiser Consumer Division
- Lower cash conversion reflecting rise in NWC and normalization of CAPEX levels

TSR & Balance Sheet

- New share buyback program started in April – CHF 304 million bought back by September 30, 2022
- Net debt position at CHF 1,497.3 million, mainly driven by share buyback program and dividend payments
- Net debt/EBITDA ratio of 1.5x – in line with target range of 1.0-1.5x

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments.

Half Year 2021/22 – Key financials

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	1H 2022/23 CHF m	1H2021/22 CHF m	Δ % in LC vs. 1H 2021/22	Δ % in CHF vs. 1H 2021/22
Sales HI segment	1,703.2	1,465.6	+19.3%	+16.2%
Sales HI business	*930.0*	*890.2*	*+5.3%*	*+4.5%*
Sales AC business	*640.1*	*575.4*	*+17.3%*	*+11.3%*
Sales CH business	*133.0*	-	*n/a*	*n/a*
Sales CI segment	143.5	138.3	+3.0%	+3.8%
Total sales	1,846.6	1,603.8	+17.9%	+15.1%
Gross profit (adj.)	1,284.4	1,183.1	+12.3%	+8.6%
Gross margin (adj.)	*69.6%*	*73.8%*	*-350bps*	*-420bps*
OPEX (adj.)	886.3	776.7	+17.2%	+14.1%
OPEX in % of sales (adj.)	*48.0%*	*48.4%*	*-30bps*	*-40bps*
EBITA (adj.)	398.1	406.4	+3.0%	-2.0%
EBITA margin (adj.)	*21.6%*	*25.3%*	*-320bps*	*-380bps*
EPS (adj. in CHF)	4.90	4.86	+7.0%	+0.8%

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments.

► Growth in all businesses – Profitability affected by FX, mix, input costs and initial consolidation effects

Hearing Instruments segment

Sound development in a challenging environment

Sales
CHF 1,703m
+19.3% vs. PY in LC
+5.2% organic growth

EBITA (adj.)
CHF 379m
+2.0% vs. PY in LC
Margin: 22.2%
Margin YOY: -380bps in LC

HI business
Sales:
CHF 930m
+5.3% vs. PY in LC
+5.3% organic growth

AC business
Sales:
CHF 640m
+17.3% vs. PY in LC
+5.1% organic growth

CH business
Sales:
CHF 133m

Segment sales

- Solid organic growth considering macroeconomic headwinds
- Successful launch of Phonak Lumity
- Strong contribution from the acquisitions in AC and Sennheiser Consumer Division

Segment profitability

- Subdued volume growth in specific higher price markets resulting in global ASP pressure
- Continued headwinds from elevated transportation and component costs – some signs of improvement
- Expected dilutive effect from first time consolidation of recent acquisitions

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments.

► Solid organic growth – Profitability affected by input costs and expected dilutive effect from M&A

Cochlear Implants segment

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Continued margin expansion with modest revenue growth

Sales
CHF 143.5m
+3.0% vs. PY in LC

EBITA (adj.)
CHF 19.5m
+25.2% vs. PY in LC
Margin: 13.6%
Margin YOY: +280bps in LC

System sales
CHF 93.3m
+3.6% vs. PY in LC

Upgrade sales
CHF 50.2m
+1.8% vs. PY in LC

Cochlear implant systems

- Momentum held back by supply shortages and continued hospital staffing challenges
- Headwind from injunction in DE related to patent dispute – sales restarted in October due to preliminary suspension of the injunction

Upgrades and accessories

- Solid growth despite high PY comparison base
- Ongoing success of recently launched sound processors, based on proven Marvel technology

Segment profitability

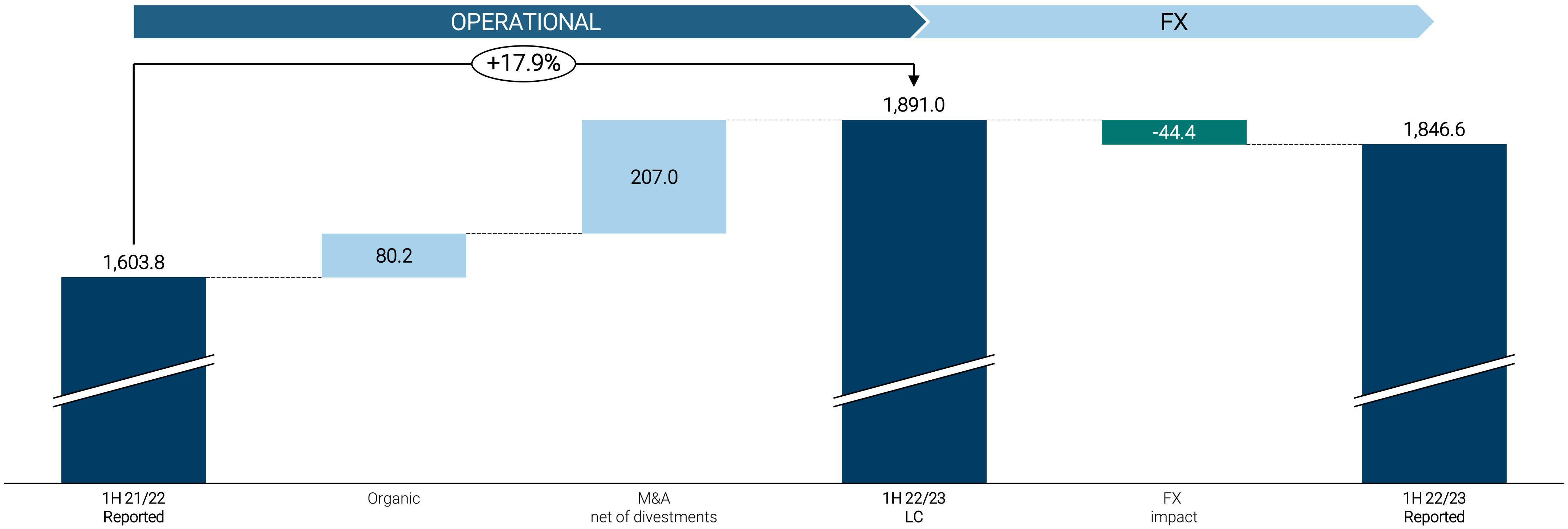
- Continued margin expansion despite modest YOY topline growth

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments.

► Solid growth in both systems and upgrades despite headwinds – Further profitability improvement

Sales components

in CHF million

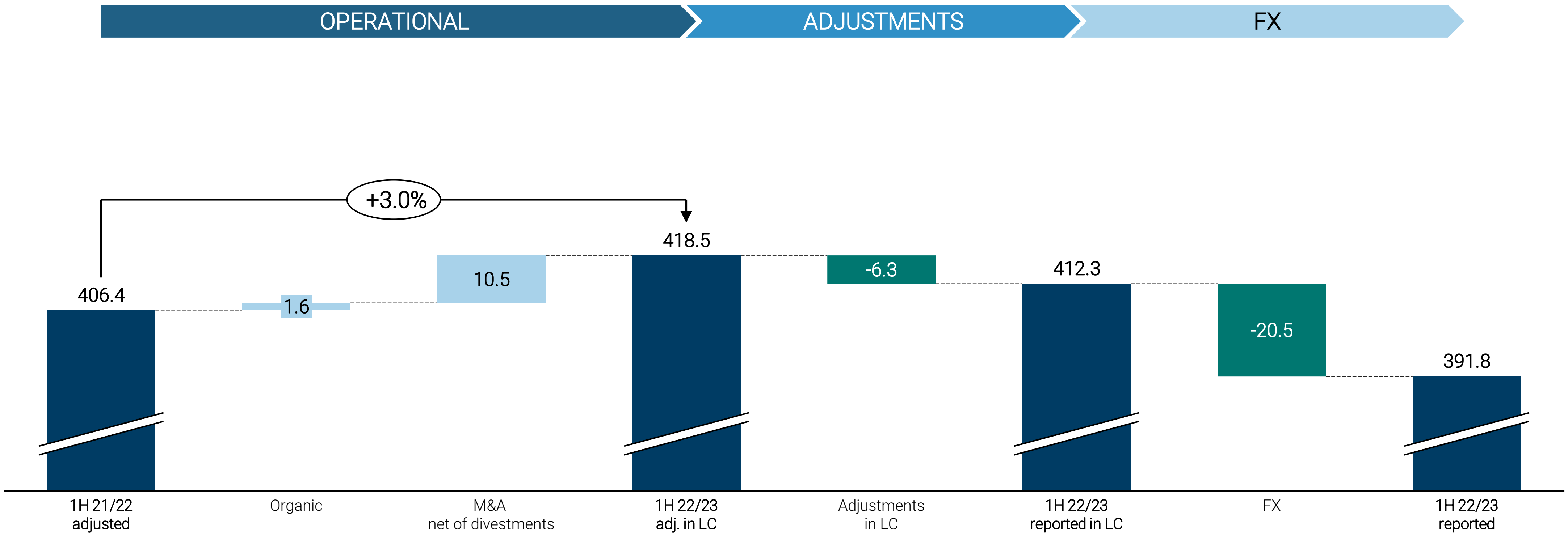


YOY growth components	+5.0%	+12.9%	+17.9%	-2.8%	+15.1%

► Solid organic growth and strong contribution from acquisitions – Significant headwind from FX

EBITA components

in CHF million



Margin	25.3%	-1.1%	-2.1%	22.1%	-0.3%	21.8%	-0.6%	21.2%

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments.

► YOY margin development impacted by gross margin pressures, expected dilution from M&A and FX

Operating Expenses

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	1H 2022/23		1H 2021/22	
	CHF m	Δ % in LC	CHF m	Comments
Research & development (adj.) in % of sales	-119.2 6.5%	+3.8%	-114.8 7.2%	– Maintaining high investments in innovation
Sales & marketing (adj.) in % of sales	-613.1 33.2%	+22.7%	-517.4 32.3%	– ~70% of increase related to recent acquisitions – Affected by shift in business mix, due to expansion in AC, both through M&A and greenfield
General & administration (adj.) in % of sales	-154.0 8.3%	+8.9%	-144.1 9.0%	– ~90% of increase driven by acquisitions
Other income/expenses (adj.)	-0.0	NM	-0.5	
Total OPEX (adj.) in % of sales	**-886.3** 48.0%	+17.2%	**-776.7** 48.4%	
Adjustments	-5.5	NM	-11.0	– 1H 2021/22: restructuring and M&A costs – 1H 2022/23: restructuring, M&A and litigation cost
Total OPEX (reported) in % of sales	**-891.8** 48.3%	+16.3%	**-787.8** 49.1%	

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments.

► Cost development reflecting recent acquisitions and good cost discipline

Financial information

Sonova Group – Total shareholder return (TSR) and cash deployment strategy

	Sonova TSR strategy	1H 2022/23
1. Acquisitions	– Bolt-ons: CHF 70-100 million p.a. – Strategic and technology acquisitions	– **Total M&A cash-out: more than CHF 85 million,** mainly spent for further AC network expansion
2. Attractive dividend	– Maintain payout ratio of around 40%	– **CHF 268 million distributed** with dividend up 37.5% YOY, representing a payout ratio of 41.0%
3. Healthy balance sheet	– Targeting net debt/EBITDA ratio of 1.0-1.5x	– Equity ratio of 38.5% – **Net Debt/EBITDA ratio of 1.5x**
4. Share buyback	– New three-year buyback program of up to CHF 1.5 billion	– New buyback program started in April 2022 – **Approximately CHF 300 million bought back**

► TSR strategy aimed at creating shareholder value through three avenues

5 Outlook

Outlook

Considerations for 2H 2022/23

Hearing Care Market	– Inflationary pressures expected to persist – Consumer sentiment believed to remain muted – Slow start into the period signals expected sequential market slowdown vs. 1H and implies limited market growth in 2H – Market momentum subject to higher-than-normal volatility, reflecting macroeconomic uncertainty
Sonova	– Guidance remains in place, reflecting current market assumptions – expecting to reach the lower end of the FY 22/23 range – Lumity platform and contribution from recent price increases to lift average selling price (ASP) for the entire period – Renewal of large contract with individual client in the US unlikely – temporary suspension ongoing – Further expanding AC network through bolt-ons, additionally planned HYSOUND acquisition to add ~200 POS – CH business to benefit from significantly higher sales during the important Christmas season – Gradual easing of supply chain constraints and transportation costs expected

► Guidance remains in place – Expecting to reach the lower end of the FY 2022/23 range

Outlook

Guidance and mid-term target

In LC	Guidance FY 2022/23	Mid-term Target
Sales growth	+15% to +19%	+6% to +9% p.a.
adj. EBITA growth	+6% to +10%	+7% to +11% p.a.

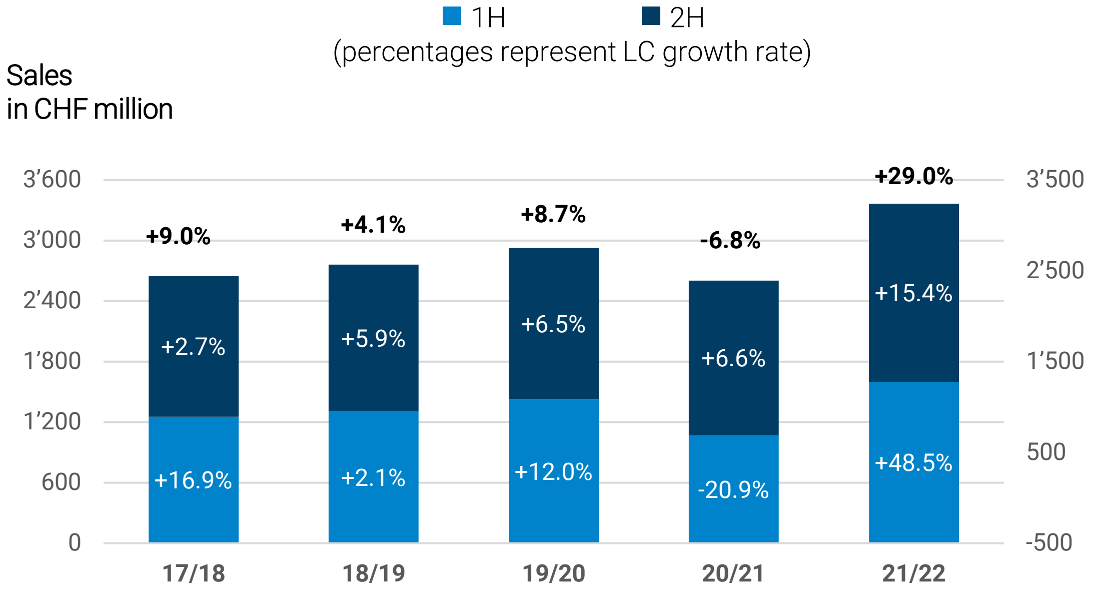
Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments.

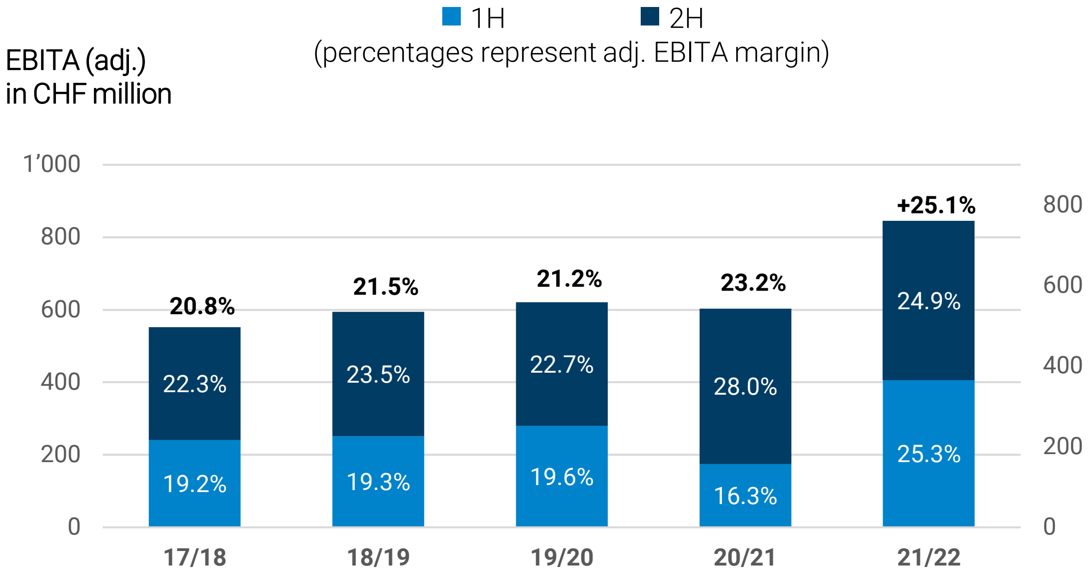
- Attractive fundamentals of hearing care market remain intact
- Expecting to reach the lower end of the guidance ranges, reflecting a slowdown of the global hearing care market due to the ongoing macroeconomic challenges
- Reflecting exchange rates as of the end of December 2022, reported sales growth in Swiss francs are expected to be reduced by ~3-4 %-pts and adj. EBITA growth in Swiss francs to be negatively affected by ~5-6 %-pts in FY 2022/23

6 Appendix

Appendix

Performance history





	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	HY 2022/23
Sales growth reported	+10.4%	+4.4%	+5.6%	-10.8%	+29.3%	15.1%
Sales growth in LC	+9.0%	+4.1%	+8.7%	-6.8%	+29.0%	17.9%
Organic sales growth in LC	+3.8%	+4.9%	+8.1%	-7.1%	+26.6%	5.0%
EBITA Margin (adj.)	20.8%	21.5%	21.2%	23.2%	25.1%	21.6%

Note: adj. refers to adjusted figures; for details, please refer to the respective annual report

► Solid sales growth across all businesses despite slower growth in specific higher price markets

Appendix

Sales by segment and sales components

	1H 2022/23			1H 2021/22		
	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC
HI business	930.0	+4.5%	+5.3%	890.2	+46.5%	+46.2%
AC business	640.1	+11.3%	+17.3%	575.4	+51.9%	+48.0%
CH business	133.0	n/a	n/a	-	n/a	n/a
HI segment	1,703.2	+16.2%	+19.3%	1,465.6	+48.6%	+46.9%
CI segment	143.5	+3.8%	+3.0%	138.3	+66.4%	+67.3%
Total Sonova	1,846.6	+15.1%	+17.9%	1,603.8	+49.9%	+48.5%
Δ organic	+80.2	-	+5.0%	+498.9	-	+46.6%
Δ acquisitions	+207.4	-	+12.9%	+19.8	-	+1.8%
Δ disposals	-0.4	-	-0.0%	-0.2	-	-0.0%
Δ FX	-44.4	-2.8%	-	+15.7	+1.5%	-

Appendix

Sales by regions and key markets

	1H 2022/23			1H 2021/22	
	CHF m	Δ % in LC	% Group sales	CHF m	% Group sales
EMEA	879.8	+14.9%	47%	830.6	52%
USA	602.7	+14.2%	33%	499.8	31%
Americas (excl. USA)	140.1	+16.1%	8%	116.9	7%
Asia / Pacific	224.0	+47.1%	12%	156.6	10%
Total Sonova	**1,846.6**	**+17.9%**	**100%**	**1,603.8**	**100%**

EMEA

- Robust development in key markets incl. DE, NL and Nordics despite macroeconomic headwinds
- Growth held back by market decline in FR after reimbursement change in 2021 and softness in the UK private market

US

- Growth held back by declining volumes in the US private market – partly offset by good growth in the VA channel
- Development supported by the recent acquisitions in AC, in particular Alpaca Audiology

Other

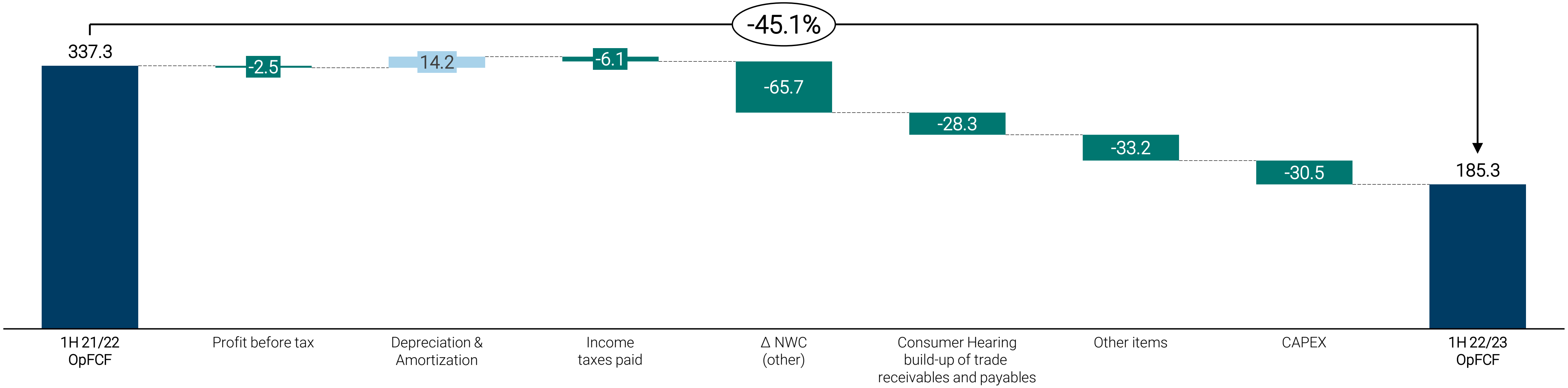
- Americas (excl. the US) helped by acquisitions – growth supported by solid performance in CA
- APAC sales lifted by acquisitions, incl. Sennheiser – added to by low comparison base due to lockdowns in AU in PY

▶ Growth across all regions, supported by acquisitions – Market headwinds in the US

Appendix

Sonova Group – Operating Free Cash Flow

in CHF million



Growth components	-0.7%	+4.2%	-1.8%	-19.5%	-8.4%	-9.8%	-9.0%	-45.1%

- **NWC:** Nearly half of the increase driven by lower payables from payments related to a safety inventory build-up at the end of FY 21/22; remainder primarily from lower accruals associated to payment timing for various business projects as well as lower accruals for equity-based payments due to a lower share price in 2022.
- **Build-up in working capital for Consumer Hearing business:** Acquisition of Sennheiser Consumer Division without receivables and payables.
- **Other items:** Increased lease payments related to AC network expansion, movements in financial assets and lower financial expenses.

Appendix

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Cash flow statement

	1H 2022/23		1H 2021/22
	CHF m	Δ % in CHF	CHF m
Income before taxes	**350.5**	**-0.7%**	**353.0**
Depreciation & amortization	*119.0*	*+13.5%*	*104.8*
Working capital	*-142.1*	*+195.4%*	*-48.1*
Other cash effects	*-2.1*	*-119.8%*	*10.6*
Tax paid	*-37.3*	*+19.2%*	*-31.3*
Financial result	*15.0*	*-27.5%*	*20.7*
Operating cash flow	**303.0**	**-26.1%**	**409.8**
Payments for lease liabilities	*-39.5*	*+19.0%*	*-33.2*
Capex	*-68.7*	*+80.1%*	*-38.1*
Other movements in financial assets	*-9.6*	*+708.3%*	*-1.2*
Operating free cash flow	**185.3**	**-45.1%**	**337.3**
Net M&A	*-85.7*	*+16.3%*	*-73.7*
Free cash flow	**99.5**	**-62.3%**	**263.6**
Cash flow from financing activities	**-463.6**	**NM**	**-546.6**

Appendix

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Balance sheet

CHF m	30 Sep 2022	30 Sep 2021	Comments
Days sales outstanding (DSO)	51	54	– Continued strong receivable collection
Days inventory outstanding (DIO)	148	149	– Reduction from process improvement vs. year end – Impacted by safety stock and product launches
Capital employed	3,498.1	2,917.2	– Higher intangibles from acquisitions
ROCE (reported)	23.4%	27.3%	– YOY development driven by acquisitions and profit development
Net debt	1,497.3	345.3	– Increase related to share buyback program, dividend payments and step-up in M&A
Net debt/EBITDA	1.5x	0.3x	

Note: DSO and DIO calculated on a 90-day basis; net debt/EBITDA ratio calculated based on net debt as of 30 September 2022, divided by 12-months rolling reported EBITDA.

► Continued strong receivable collection – Higher leverage as a result of share buyback program and M&A

Appendix

Non-GAAP adjustments

in CHF million	1H 2022/23 Reported	Adjustments: 1 Restructuring costs	2 Transaction & integration costs	3 Patent litigation	Total	1H 2022/23 Adjusted
Sales	1,846.6	-	-	-	-	1,846.6
Cost of sales	-563.0	+0.7	-	-	+0.7	-562.2
Gross profit	1,283.7	+0.7	-	-	+0.7	1,284.4
Research & development	*-119.2*	*+0.0*	*-*	*-*	*+0.0*	*-119.2*
Sales & marketing	*-617.4*	*+2.6*	*+1.6*	*-*	*+4.2*	*-613.1*
General & administration	*-155.3*	*-0.6*	*+0.9*	*+1.0*	*+1.3*	*-154.0*
Other income/(expenses)	*-0.0*	*-*	*-*	*-*	*-*	*-0.0*
Total OPEX	-891.8	+2.0	+2.5	+1.0	+5.5	-886.3
EBITA	391.8	+2.8	+2.5	+1.0	+6.3	398.1
EPS (in CHF)	4.81	+0.03	+0.04	0.02	+0.09	4.90

Note: positive values indicate a positive impact on the adjusted vs. the respective reported financial metric and vice versa.

1. **Restructuring:** costs related to structural optimization initiatives
2. **Transaction & integration:** costs related to the acquisition and integration of the Sennheiser Consumer Division and Alpaca Audiology
3. **Patent litigation:** costs related to patent litigation with MED-EL

Appendix

Sonova Group – FX impact on sales and margins

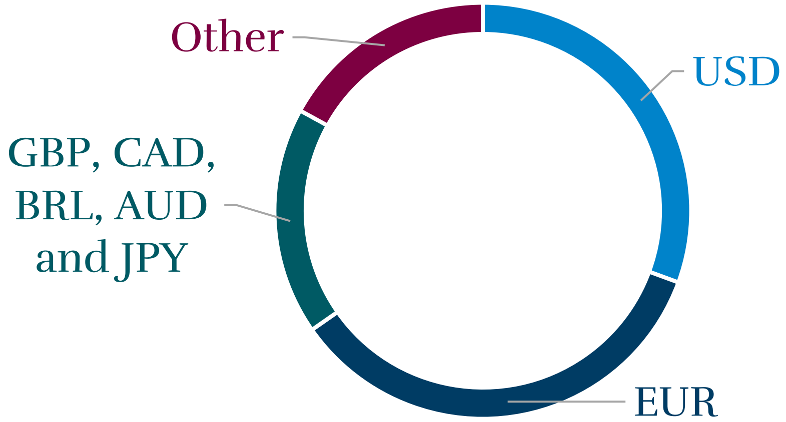
USD/CHF

EUR/CHF

	Rate	Sales	EBITA
USD/CHF	+/- 5%	+/- CHF 63 million	+/- CHF 17 million
EUR/CHF	+/- 5%	+/- CHF 64 million	+/- CHF 24 million

Appendix

Sonova Group – Sales by currency and FX rates



	1H-21/22	1H-22/23	Effect 1H-22/22	2H-21/22	FY-21/22	Spot Oct-2022
USD	0.91	0.97	+	0.92	0.92	1.00
EUR	1.09	1.00	-	1.05	1.07	0.99
GBP	1.27	1.17	-	1.24	1.26	1.16
CAD	0.74	0.75	+	0.73	0.73	0.73
AUD	0.69	0.67	-	0.67	0.68	0.64
BRL	0.17	0.19	+	0.16	0.17	0.19
JPY 100	0.83	0.72	-	0.81	0.82	0.67

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