sonova
HEAR THE WORLD

FINANCIAL REPORT

Semi-Annual Report 2022/23

Highlights & key figures First half 2022/23

Sonova Group: Sales of CHF 1,846.6 million

Consolidated sales in the first half of financial year 2022/23 reached CHF 1,846.6 million, an increase of 17.9% in local currencies or 15.1% in Swiss francs. Organic growth reached 5.0% in local currencies.

Hearing Instruments segment: Sales of CHF 1,703.2 million

The Hearing Instruments segment achieved sales of CHF 1,703.2 million, up 19.3% in local currencies or 16.2% in Swiss francs. The adjusted EBITA[1] reached CHF 378.7 million, representing a margin of 22.2%.

Cochlear Implants segment: Sales of CHF 143.5 million

Sales in the Cochlear Implants segment reached CHF 143.5 million, rising by 3.0% in local currencies or 3.8% in Swiss francs. Adjusted EBITA[1] was CHF 19.5 million, resulting in a margin of 13.6%.

Adjusted Group EBITA margin of 21.6%

Adjusted Group EBITA[1] reached CHF 398.1 million, up 3.0% in local currencies but down 2.0% in Swiss francs. As reported, Group EBITA reached CHF 391.8 million, an increase of 4.7% in local currencies vs. the prior year period.

Further expanding consumer access

Sonova further increased consumer access through the expansion of its store network. A highlight is the planned acquisition of HYSOUND in China, which will add around 200 clinics in more than 70 cities across this strategically important and fast-growing market.

Introduction of innovative new products

In August 2022, Sonova successfully introduced the new Phonak Lumity hearing instrument platform, designed to further improve speech understanding. In addition, TV Clear, the first Sonova-developed enhanced hearing product was launched in the newly formed Consumer Hearing business.

Sonova Group key figures – First half 2022/23

April 1 to September 30, in CHF m unless otherwise specified	2022	2021	Change in Swiss francs	Change in local currencies
Sales	1,846.6	1,603.8	15.1%	17.9%
Gross profit	1,283.7	1,181.7	8.6%	12.4%
EBITA[1]	391.8	393.9	(0.5%)	4.7%
EBIT[1]	363.8	372.2	(2.3%)	2.9%
Basic earnings per share (CHF)	4.81	4.69	2.5%	8.9%
Operating free cash flow	185.3	337.3	(45.1%)	
Gross profit (adjusted)[1]	1,284.4	1,183.1	8.6%	12.3%
EBITA (adjusted)[1]	398.1	406.4	(2.0%)	3.0%
EBITA margin (adjusted)	21.6%	25.3%		
Basic earnings per share (CHF) (adjusted)[1]	4.90	4.86	0.8%	7.0%

[1] For details see table “Reconciliation of non-GAAP financial measures”.

Letter to shareholders

Sonova achieved sound sales growth, considering a slower than anticipated market development. An adverse development of the country and channel mix coupled with ongoing input cost challenges as well as currency headwinds affected the profitability development. We continued to execute on our strategy, expanding consumer access and introducing market-leading innovation with the launch of the Phonak Lumity hearing instrument platform.

Dear Shareholders

During the first half of financial year 2022/23, we continued to execute on our strategy, despite macroeconomic headwinds. We further expanded our consumer access through acquisitions, including by signing an agreement to acquire the HYSOUND Group, one of the leading nationwide chains of audiological care clinics in China. We have invested into the digitization of the customer journey, and have continued our operational excellence programs in order to drive profitability and to fund our organic growth investments. In addition, we have again introduced market-leading innovation with the successful launch of our new Phonak Lumity hearing instrument platform which is designed to further improve speech understanding and reduce listening efforts.

Consolidated sales reached CHF 1,846.6 million, up 17.9% in local currencies. The development was adversely impacted by subdued volume growth in higher price hearing care markets and distribution channels, in particular in the private market in the United States. The significant strengthening of the Swiss franc, in particular versus the euro and the British pound, reduced reported sales by CHF 44.4 million or 2.8%. In addition to the adverse currency development, profitability was negatively impacted by shifts in the country and channel mix, which weighed on average selling prices, continued input cost challenges and the expected impact from the first-time consolidation of the lower margin Sennheiser Consumer Division. Adjusted for restructuring, integration as well as certain legal costs, operating profit before acquisition-related amortization (EBITA) reached CHF 398.1 million, up 3.0% in local currencies and representing a margin of 21.6%.

Hearing Instruments segment

Sales in the Hearing Instruments segment rose by 19.3% in local currencies, driven by solid organic growth and the contribution from acquisitions, including the first-time consolidation of the recently acquired Sennheiser Consumer Division and Alpaca Audiology. Key highlights included the well-received launch of the Phonak Lumity platform and the agreement to acquire the HYSOUND Group. The planned acquisition will significantly enlarge our store footprint and direct consumer access in the fast-growing Chinese market. The newly formed Consumer Hearing business was off to a good start into the year, with growth driven by the successful introduction of the MOMENTUM True Wireless 3 and MOMENTUM 4 Wireless premium headphones.

Cochlear Implants segment

The Cochlear Implants segment posted a sales increase of 3.0% in local currencies. The development was driven by the sustained positive market response to the two sound processors introduced in 2021 – Naída™ CI Marvel for adults and Sky CI™ Marvel, the first sound processor designed specifically for children. Volumes were negatively affected by supply shortages, continued hospital staffing challenges and the impact from an injunction preventing sales of the HiRes™ Ultra 3D cochlear implant in and from Germany. Recently, the injunction has been preliminarily suspended.

Outlook

The outlook for financial year 2022/23 provided in August 2022 remains in place. Sonova now expects to reach the lower end of the guidance ranges of consolidated sales growth of 15%-19% and an adjusted EBITA increase of 6%-10%, both measured at constant exchange rates. This reflects the continued slowdown of the global hearing care market, indicating limited market growth for the remainder of the financial year, as well as ongoing macroeconomic challenges. It also considers the impact of the temporary suspension and unlikely renewal of a large contract with an individual customer in the US. The new Phonak Lumity hearing instrument platform as well as recent acquisitions are set to contribute to overall sales growth in the second half. Coupled with strict cost control and the positive impact from recent global price increases, this will help to partly offset the current market headwinds.

Robert Spoerry
Chair of the Board of Directors

Arnd Kaldowski
Chief Executive Officer

Financial review

In the first half of financial year 2022/23, Sonova generated sales of CHF 1,846.6 million, up 17.9% in local currencies and 15.1% in Swiss francs. Adjusted Group EBITA reached CHF 398.1 million, up 3.0% in local currencies but down 2.0% in Swiss francs, representing a margin of 21.6%.

Double-digit growth driven by solid organic growth and acquisitions

Sonova Group sales reached CHF 1,846.6 million in the first half of financial year 2022/23, up 17.9% in local currencies and 15.1% in Swiss francs. The development of certain key hearing care markets was slower than initially anticipated. The successful launch of the Phonak Lumity platform in August 2022 lifted sales in the final months of the reporting period. For the Group, this resulted in organic growth of 5.0%. Acquisitions, including the significant expansion of our audiological care network, in particular the acquisition of Alpaca Audiology in the United States, and the addition of the Sennheiser Consumer Division, contributed 12.9% to the growth. Exchange rate fluctuations had a significant negative impact, reducing reported sales by CHF 44.4 million or 2.8% due to a strengthening of the Swiss franc against a number of major currencies.

Subdued growth in key higher price markets

Sales in Europe, Middle East and Africa (EMEA) rose by 14.9% in local currencies. Growth was held back by softness in the UK private market and a weak development in France, following increased market volumes in the prior year period as a result of a change in the reimbursement system in 2021. Despite macroeconomic headwinds, the development in certain markets, including Germany, the Netherlands and Austria, remained robust. Growth was further lifted by the recent acquisition of the Sennheiser Consumer Division as well as the continued expansion of our audiological care network.

In the United States, sales increased by 14.2% in local currency, supported by the expansion of our audiological care network, in particular through the acquisition of Alpaca Audiology. After a strong recovery in the prior year period, the US private market declined in the first half of the 2022/23 financial year, negatively affecting the development of both volumes as well as global average selling prices (ASP). This was in part offset by positive growth in deliveries to the US Department of Veterans Affairs (VA), where Sonova continues to hold a leading position.

Sales in the rest of the Americas (excluding the US) increased by 16.1% in local currencies, helped by acquisitions and a solid performance in Canada. Sales in the Asia Pacific (APAC) region rose by 47.1% in local currencies, strongly supported by the acquisition of the Sennheiser Consumer Division. Growth was further lifted by a low comparison base in Australia, due to pandemic-related lockdowns in the prior year period, as well as bolt-on acquisitions within our Audiological Care business.

Sales by regions

April 1 to September 30, in CHF m			2022		2021
	Sales	Share	Growth in local currencies	Sales	Share
EMEA	879.8	47%	14.9%	830.6	52%
USA	602.7	33%	14.2%	499.8	31%
Americas (excl. USA)	140.1	8%	16.1%	116.9	7%
Asia/Pacific	224.0	12%	47.1%	156.6	10%
Total sales	**1,846.6**	**100%**	**17.9%**	**1,603.8**	**100%**

Sonova Group key figures

April 1 to September 30, in CHF m unless otherwise specified	2022	2021	Change in Swiss francs	Change in local currencies
Sales	1,846.6	1,603.8	15.1%	17.9%
Gross profit	1,283.7	1,181.7	8.6%	12.4%
EBITA [1)]	391.8	393.9	(0.5%)	4.7%
EBIT [1)]	363.8	372.2	(2.3%)	2.9%
Basic earnings per share (CHF)	4.81	4.69	2.5%	8.9%
Operating free cash flow	185.3	337.3	(45.1%)	
Gross profit (adjusted) [1)]	1,284.4	1,183.1	8.6%	12.3%
EBITA (adjusted) [1)]	398.1	406.4	(2.0%)	3.0%
EBITA margin (adjusted)	21.6%	25.3%		
Basic earnings per share (CHF) (adjusted) [1)]	4.90	4.86	0.8%	7.0%

[1)] For details see table “Reconciliation of non-GAAP financial measures”.

Profitability impacted by country mix, acquisitions and currency headwinds

The Group implemented additional structural optimization initiatives during the reporting period, resulting in restructuring costs of CHF 2.8 million (1H 2021/22: CHF 7.4 million). The acquisition of the Sennheiser Consumer Division and Alpaca Audiology resulted in transaction and integration costs of CHF 2.5 million (1H 2021/22: transaction costs of CHF 5.0 million). In addition, the Group incurred costs of CHF 1.0 million related to ongoing patent litigation. 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 amounted to CHF 1,283.7 million. Adjusted gross profit rose by 12.3% in local currencies or 8.6% in Swiss francs to CHF 1,284.4 million. The previously mentioned subdued volume growth in higher price hearing care markets and distribution channels, in particular in the private market in the United States, resulted in pressure on the global ASP and thus on the gross margin. The development was further affected by continued headwinds from elevated transportation and component costs, despite some positive signs towards the end of the reporting period. Coupled with the expected dilutive effect from the acquisition of the Sennheiser Consumer Division as well as the adverse currency development, the adjusted gross profit margin declined 4.2 percentage points in Swiss francs to 69.6%. In local currencies, the gross profit margin was down 3.5 percentage points.

Excluding acquisition-related amortization, reported operating expenses were CHF 891.8 million (1H 2021/22: CHF 787.8 million). Adjusted operating expenses before acquisition-related amortization increased by 17.2% in local currencies or by 14.1% in Swiss francs to CHF 886.3 million (1H 2021/22: CHF 776.7 million). The Group continued to invest in innovation, with adjusted research and development (R&D) expenses before acquisition-related amortization up by 3.8% in local currencies to CHF 119.2 million.

Adjusted sales and marketing costs before acquisition-related amortization rose by 22.7% in local currencies to CHF 613.1 million or 33.2% of sales (1H 2021/22: 32.3%). This was largely driven by a shift in the business mix due to the continued expansion of the Audiological Care business, which has a higher ratio of sales and marketing costs to sales than the rest of the Group, as well as the acquisition of the Sennheiser Consumer Division. Adjusted general and administration costs before acquisition-related amortization increased by 8.9% in local currencies, reaching CHF 154.0 million or 8.3% of sales (1H 2021/22: 9.0%). Adjusted other expenses were zero (1H 2021/22: CHF 0.5 million).

Adjusted operating profit before acquisition-related amortization (EBITA) reached CHF 398.1 million (1H 2021/22: CHF 406.4 million), up 3.0% in local currencies but down 2.0% in Swiss francs. The adjusted EBITA margin reached 21.6%, representing a decline of 3.7 percentage points in Swiss francs or 3.2 percentage points in local currencies compared to the prior year period. Exchange rate developments reduced the adjusted EBITA by CHF 20.4 million and the margin by 0.5 percentage points. Reported EBITA rose by 4.7% in local currencies but declined by 0.5% in Swiss francs to CHF 391.8 million (1H 2021/22: CHF 393.9 million). Acquisition-related amortization amounted to CHF 28.0 million (1H 2021/22: CHF 21.7 million).

Sales by business – Hearing Instruments segment

April 1 to September 30, in CHF m	2022			2021	
	Sales	Share	Growth in local currencies	Sales	Share
Hearing Instruments business	930.0	55%	5.3%	890.2	61%
Audiological Care business	640.1	37%	17.3%	575.4	39%
Consumer Hearing business	133.0	8%	n/a	n/a	n/a
Total Hearing Instruments segment	**1,703.2**	**100%**	**19.3%**	**1,465.6**	**100%**

Reported operating profit (EBIT) reached CHF 363.8 million (1H 2021/22: CHF 372.2 million), up 2.9% in local currencies but down 2.3% in Swiss francs. Net financial expenses, including the result from associates, fell from CHF 19.2 million in the prior year period to CHF 13.3 million. Income taxes amounted to CHF 54.3 million, representing an underlying tax rate of 15.5% (1H 2021/22: 14.5%). Basic earnings per share (EPS) reached CHF 4.81, up 8.9% in local currencies or 2.5% in Swiss francs. Adjusted EPS rose by 7.0% in local currencies or 0.8% in Swiss francs to CHF 4.90, compared to CHF 4.86 in the prior year period.

Hearing Instruments segment – Sound organic growth added to by acquisitions

Sales in the Hearing Instruments segment reached CHF 1,703.2 million, an increase of 19.3% in local currencies and 16.2% in Swiss francs compared to the prior year period. The development was impacted by subdued volume growth in higher price hearing care markets and distribution channels, in particular in the private market in the United States. Organic sales growth reached 5.2%, while the contribution from acquisitions in the reporting period (including the annualization of prior year acquisitions) lifted sales by 14.2% or CHF 207.0 million. This includes the acquisitions of the Sennheiser Consumer Division and Alpaca Audiology and smaller bolt-ons. Exchange rate fluctuations reduced reported sales by CHF 45.5 million or 3.1% in Swiss francs, resulting in a reported sales growth of 16.2%.

Sales in the Hearing Instruments business rose by 5.3% in local currencies to CHF 930.0 million. The good market response to the new Phonak Lumity platform launched at the end of August 2022 supported momentum during the final weeks of the reporting period. Shifts in the country and channel mix resulted in pressure on the global ASP. This was in part offset by recent price increases on existing products, which were implemented to offset general inflationary pressure.

Sales in the Audiological Care business were CHF 640.1 million, up 17.3% in local currencies. Organic growth reached 5.1%, supported by solid growth in Canada, the Netherlands, the Nordics and Austria. Acquisition activity remained high during the period. In total, acquisitions lifted sales by 12.2%. Including new store openings, the number of points of sale rose by about 600 in the past twelve months to around 3,800. One of the key drivers was the recent acquisition of Alpaca Audiology in the United States, which added around 220 clinics and doubled Sonova's US store network.

The recently formed Consumer Hearing business generated sales of CHF 133.0 million. Growth was mainly driven by premium headphones, after the successful launch of the MOMENTUM True Wireless 3 earbuds in May 2022 and the MOMENTUM 4 Wireless headphones in August 2022. The integration of the Sennheiser Consumer Division is well on track. With TV Clear, the business launched its first Sonova developed hearing solution under the Sennheiser brand.

Reported EBITA for the Hearing Instruments segment amounted to CHF 373.5 million, an increase of 3.7% in local currencies. Adjusted EBITA increased by 2.0% in local currencies to CHF 378.7 million, corresponding to a margin of 22.2% (1H 2021/22: 26.5%). Excluding the adverse currency development, the adjusted EBITA margin declined by 3.8 percentage points compared to the prior year period, largely related to acquisitions.

Sales by product groups – Cochlear Implants segment

April 1 to September 30, in CHF m			2022		2021
	Sales	Share	Growth in local currencies	Sales	Share
Cochlear implant systems	93.3	65%	3.6%	88.4	64%
Upgrades and accessories	50.2	35%	1.8%	49.9	36%
Total Cochlear Implants segment	**143.5**	**100%**	**3.0%**	**138.3**	**100%**

Cochlear Implants segment – Further improvement in profitability

The Cochlear Implants business achieved sales of CHF 143.5 million, an increase of 3.0% in local currencies and 3.8% in Swiss francs versus the prior year period, despite supply shortages. Against a high comparison base in the prior year period, sales of upgrades and accessories rose by 1.8% in local currencies. The development was driven by the ongoing success of the Naída™ CI Marvel and Sky CI™ Marvel sound processors. System sales were up by 3.6% in local currencies, held back by hospital staffing shortages as well as an injunction in Germany, which prevented Advanced Bionics from selling its HiRes™ Ultra 3D cochlear implant in and from Germany. Recently, the injunction has been preliminarily suspended.

Reported EBITA for the Cochlear Implants segment reached CHF 18.5 million. The adjusted EBITA reached CHF 19.5 million (1H 2021/22: CHF 18.0 million). The adjusted EBITA margin improved further by 2.8 percentage points in local currencies but this increase was largely offset by adverse currency developments. This resulted in a margin of 13.6% (1H 2021/22: 13.0%).

Cash flow and balance sheet

Cash flow from operating activities reached CHF 303.0 million (1H 2021/22: CHF 409.8 million). This was in part due to lower accruals, largely as a result of the timing of payments related to various projects across all businesses. It also reflects a drop in trade payables following the increase in inventories at the end of financial year 2021/22, which was related to safety stock and product launches. In addition, there was a the build-up of accounts receivables related to the acquisition of the Sennheiser Consumer Division. Coupled with a further normalization in capital expenditure after the pandemic, this resulted in an operating free cash flow of CHF 185.3 million (1H 2021/22: CHF 337.3 million).

The expansion of our audiological care network through bolt-on acquisitions continued at a high pace, resulting in an increase in the cash consideration for acquisitions to CHF 85.7 million (1H 2021/22: CHF 73.7 million). In summary, this resulted in a free cash flow of CHF 99.5 million (1H 2021/22: CHF 263.6 million). The cash outflow from financing activities of CHF 463.6 million reflects the dividend payment of CHF 267.6 million and net share repurchases of CHF 339.2 million, mainly related to the share buyback program, partly offset by net proceeds from borrowings of CHF 195.0 million.

Cash and cash equivalents stood at CHF 279.6 million. Due to the previously mentioned drivers, net working capital rose to CHF 125.7 million, compared to CHF –15.0 million at the end of March 2022. Capital employed increased to CHF 3,498.1 million compared to CHF 3,439.1 million at the end of March 2022. The Group's equity of CHF 2,000.8 million represents an equity ratio of 38.5%, down from 43.5% at end of March 2022. This was mainly driven by share purchases under the share buyback program, dividend payments and negative currency effects. Purchases of CHF 304.3 million under the new program also impacted the net debt position which increased to CHF 1,497.3 million compared to CHF 1,006.3 million at the end of March 2022.

Outlook 2022/23

The outlook for financial year 2022/23 provided in August 2022 remains in place. Sonova now expects to reach the lower end of the guidance ranges of consolidated sales growth of 15%-19% and an adjusted EBITA increase of 6%-10%, both measured at constant exchange rates. This reflects the continued slowdown of the global hearing care market, indicating limited market growth for the remainder of the financial year, as well as ongoing macroeconomic challenges. It also considers the impact of the temporary suspension and unlikely renewal of a large contract with an individual customer in the US. The new Phonak Lumity hearing instrument platform as well as recent acquisitions are set to contribute to overall sales growth in the second half. Coupled with strict cost control and the positive impact from recent global price increases, this will help to partly offset the current market headwinds.

Reconciliation of non-GAAP financial measures

April 1 to September 30, CHF million							2022
	Income statement as reported	Acquis. related amortization	**Income statement EBITA separation**	Restructuring costs	Transaction and integration costs	Patent litigation	**Income statement adjusted**
Sales	**1,846.6**		**1,846.6**				**1,846.6**
Cost of sales	(563.0)		(563.0)	0.7			(562.2)
Gross profit	**1,283.7**		**1,283.7**	**0.7**			**1,284.4**
Research and development	(120.0)	0.8	(119.2)	0.0			(119.2)
Sales and marketing	(644.6)	27.2	(617.4)	2.6	1.6		(613.1)
General and administration	(155.3)		(155.3)	(0.6)	0.9	1.0	(154.0)
Other income/(expenses), net	(0.0)		(0.0)				(0.0)
Operating profit before acquisition-related amortization (EBITA) [1]			**391.8**	**2.8**	**2.5**	**1.0**	**398.1**
Acquisition-related amortization		(28.0)	(28.0)				(28.0)
Operating profit (EBIT) [2]	**363.8**		**363.8**	**2.8**	**2.5**	**1.0**	**370.1**
Basic earnings per share (CHF)	**4.81**		**4.81**	**0.03**	**0.04**	**0.02**	**4.90**

April 1 to September 30, CHF million						2021
	Income statement as reported	Acquis. related amortization	**Income statement EBITA separation**	Restructuring costs	Transaction and integration costs	**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**

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	2022	2021
Sales	**1,846.6**	**1,603.8**
change compared to previous year (%)	15.1	49.9
Gross profit	**1,283.7**	**1,181.7**
in % of sales	69.5	73.7
Gross profit (adjusted) [1]	**1,284.4**	**1,183.1**
in % of sales (adjusted)	69.6	73.8
Research & development costs	**119.2**	**114.8**
in % of sales	6.5	7.2
Sales & marketing costs	**617.4**	**521.8**
in % of sales	33.4	32.5
Operating profit before acquisition-related amortization (EBITA)	**391.8**	**393.9**
in % of sales	21.2	24.6
Operating profit before acquisition-related amortization (EBITA) (adjusted) [1]	**398.1**	**406.4**
in % of sales (adjusted)	21.6	25.3
Operating profit (EBIT)	**363.8**	**372.2**
in % of sales	19.7	23.2
Income after taxes	**296.2**	**301.9**
in % of sales	16.0	18.8
Income after taxes (adjusted) [1]	**301.8**	**312.5**
in % of sales (adjusted)	16.3	19.5
Basic earnings per share (CHF)	**4.81**	**4.69**
Basic earnings per share (CHF) (adjusted) [1]	**4.90**	**4.86**
Net debt [2]	**1,497.3**	**345.3**
Net working capital [3]	125.7	40.5
Capital expenditure (tangible and intangible assets) [4]	68.6	37.8
Capital employed [5]	3,498.1	2,917.2
Total assets	5,197.2	5,738.8
Equity	2,000.8	2,572.0
Equity financing ratio (%) [6]	38.5	44.8
Free cash flow [7]	99.5	263.6
Operating free cash flow [8]	**185.3**	**337.3**
Number of employees (end of period)	**17,073**	**14,922**

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.

Interim consolidated financial statements as of September 30, 2022

Consolidated income statement

April 1 to September 30, in CHF million	2022	2021
Sales	**1,846.6**	**1,603.8**
Cost of sales	(563.0)	(422.1)
Gross profit	**1,283.7**	**1,181.7**
Research and development [1]	(120.0)	(115.2)
Sales and marketing [1]	(644.6)	(543.1)
General and administration	(155.3)	(150.7)
Other expenses	(0.0)	(0.5)
Operating profit (EBIT) [2]	**363.8**	**372.2**
Financial income	7.0	1.0
Financial expenses	(22.0)	(21.8)
Share of profit/(loss) in associates/joint ventures, net	1.7	1.5
Income before taxes	**350.5**	**353.0**
Income taxes	(54.3)	(51.1)
Income after taxes	**296.2**	**301.9**
Attributable to:		
Equity holders of the parent	291.9	294.8
Non-controlling interests	4.3	7.1
Basic earnings per share (CHF)	4.81	4.69
Diluted earnings per share (CHF)	4.78	4.66

[1] Includes acquisition-related amortization of CHF 0.8 million (previous year: CHF 0.5 million) in "Research and development" and CHF 27.2 million (previous year: CHF 21.2 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 391.8 million (previous year: CHF 393.9 million). Refer to Note 4.
[2] 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	2022	2021
Income after taxes	**296.2**	**301.9**
Other comprehensive income		
Actuarial (loss) / gain from defined benefit plans, net	(40.2)	55.9
Tax effect on actuarial result from defined benefit plans, net	7.3	(6.7)
Total items not to be reclassified to income statement in subsequent periods	**(32.9)**	**49.2**
Currency translation differences	(101.1)	(39.2)
Tax effect on currency translation items	5.1	1.1
Total items to be reclassified to income statement in subsequent periods	**(96.0)**	**(38.0)**
Other comprehensive income, net of tax	**(128.9)**	**11.2**
Total comprehensive income	**167.3**	**313.1**
Attributable to:		
Equity holders of the parent	165.0	306.7
Non-controlling interests	2.3	6.3

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

Consolidated balance sheet

Assets CHF million	**30.9.2022**	**31.3.2022**	**30.9.2021**
Cash and cash equivalents	279.6	610.5	1,521.3
Other current financial assets	12.2	8.4	8.1
Trade receivables	490.3	474.3	444.8
Current income tax receivables	4.9	4.8	6.7
Inventories	423.6	412.7	315.8
Other current operating assets	181.7	148.9	114.3
Total current assets	**1,392.3**	**1,659.7**	**2,410.9**
Property, plant and equipment	356.7	358.9	327.9
Right-of-use assets	253.9	273.8	264.5
Intangible assets	2,912.3	2,948.9	2,438.3
Investments in associates/joint ventures	18.9	22.3	21.8
Other non-current financial assets	38.7	36.2	35.3
Other non-current operating assets	5.1	5.8	6.5
Retirement benefit asset		39.7	37.0
Deferred tax assets	219.3	242.9	196.7
Total non-current assets	**3,805.0**	**3,928.5**	**3,327.9**
Total assets	**5,197.2**	**5,588.2**	**5,738.8**

Liabilities and equity CHF million	**30.9.2022**	**31.3.2022**	**30.9.2021**
Current financial liabilities	101.8	374.2	706.4
Current lease liabilities	65.7	68.8	61.7
Trade payables	147.9	189.2	83.2
Current income tax liabilities	185.3	177.6	141.1
Short-term contract liabilities	106.2	106.7	98.0
Other short-term operating liabilities	382.0	437.5	401.0
Short-term provisions	162.7	151.6	124.9
Total current liabilities	**1,151.6**	**1,505.7**	**1,616.2**
Non-current financial liabilities	1,414.9	959.9	886.4
Non-current lease liabilities	197.4	215.5	213.1
Long-term provisions	127.5	132.6	144.7
Long-term contract liabilities	181.5	187.3	198.6
Retirement benefit obligation	16.6	15.7	3.5
Deferred tax liabilities	106.9	138.8	104.4
Total non-current liabilities	**2,044.9**	**1,649.8**	**1,550.7**
Total liabilities	**3,196.4**	**3,155.4**	**3,166.9**
Share capital	3.1	3.2	3.2
Treasury shares	(315.7)	(721.0)	(295.5)
Retained earnings and reserves	2,296.6	3,128.2	2,839.7
Equity attributable to equity holders of the parent	**1,984.0**	**2,410.5**	**2,547.4**
Non-controlling interests	16.8	22.3	24.6
Equity	**2,000.8**	**2,432.8**	**2,572.0**
Total liabilities and equity	**5,197.2**	**5,588.2**	**5,738.8**

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

Consolidated cash flow statement

April 1 to September 30, in CHF million		2022		2021
Income before taxes		**350.5**		**353.0**
Depreciation and amortization of tangible and intangible assets and right-of-use assets	119.0		104.8	
Loss on sale of tangible and intangible assets, net	0.1		1.1	
Share of (profit) / loss in associates/joint ventures, net	(1.7)		(1.5)	
(Decrease) / increase in long-term provisions and long-term contract liabilities	(6.9)		1.5	
Financial (income) / expense, net	15.0		20.7	
Share based payments	9.9		15.5	
Other non-cash items	(3.4)		(6.0)	
Income taxes paid	(37.3)	94.6	(31.3)	104.8
Cash flow before changes in net working capital		**445.1**		**457.8**
Increase in trade receivables	(30.8)		(9.0)	
Increase in other receivables and prepaid expenses	(40.5)		(19.5)	
Increase in inventories	(10.8)		(11.3)	
Decrease in trade payables	(39.7)		(22.2)	
(Decrease) / increase in other payables, accruals, short-term provisions and short-term contract liabilities	(20.3)	(142.1)	13.9	(48.1)
Cash flow from operating activities		**303.0**		**409.8**
Purchase of tangible and intangible assets	(68.7)		(38.1)	
Proceeds from sale of tangible and intangible assets	0.0		0.7	
Cash consideration for acquisitions, net of cash acquired	(85.7)		(73.7)	
Changes in other financial assets	(9.7)		(2.6)	
Interest received	0.1		0.7	
Cash flow from investing activities		**(164.0)**		**(113.0)**
Proceeds from borrowings	525.0			
Repayment of borrowings	(330.0)			
Repayment of lease liabilities	(37.1)		(31.5)	
Share buyback program	(304.3)		(249.3)	
Sale of treasury shares	11.9		23.1	
Purchase of treasury shares	(46.8)		(71.7)	
Dividends paid by Sonova Holding AG	(267.6)		(201.6)	
Dividends to non-controlling interests	(7.8)		(6.2)	
Interest paid	(7.0)		(9.4)	
Cash flow from financing activities		**(463.6)**		**(546.6)**
Exchange losses on cash and cash equivalents		(6.3)		(1.1)
Decrease in cash and cash equivalents		**(330.9)**		**(250.9)**
Cash and cash equivalents as of April 1		610.5		1,772.2
Cash and cash equivalents as of September 30		**279.6**		**1,521.3**

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, 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/(loss) 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 [1]		(37.2)		60.3		23.1
Purchase of treasury shares [2]				(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**

	Share capital	Retained earnings and other reserves	Translation adjustment	Treasury shares	Non-controlling interests	Total equity
Balance April 1, 2022	**3.2**	**3,550.8**	**(422.6)**	**(721.0)**	**22.3**	**2,432.8**
Income for the period		291.9			4.3	296.2
Actuarial (loss) / gain from defined benefit plans, net		(40.2)				(40.2)
Tax effect on actuarial result		7.3				7.3
Currency translation differences			(99.1)		(2.1)	(101.1)
Tax effect on currency translation			5.1			5.1
Total comprehensive income		**258.9**	**(93.9)**		**2.3**	**167.3**
Capital decrease – share buyback program	(0.1)	(702.7)		702.8		0.0
Share-based payments		(0.3)		19.3		19.0
Sale of treasury shares [1]		(26.1)		38.6		12.5
Purchase of treasury shares [2]				(355.4)		(355.4)
Dividend paid		(267.6)			(7.8)	(275.4)
Balance September 30, 2022	**3.1**	**2,813.2**	**(516.5)**	**(315.7)**	**16.8**	**2,000.8**

1) In relation to long-term equity incentive plans.
2) Further information on the share buyback program are disclosed in 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, 2022

1. Corporate information

The Sonova Group (the "Group") is a global leader in innovative hearing care solutions: from personal audio devices and wireless communication systems to audiological care services, hearing aids and cochlear implants. The Group's globally diversified sales and distribution channels serve an ever growing consumer base in more than 100 countries. 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 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, 2022. 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, 2022. The interim consolidated financial statements were approved by the Board of Directors on November 9, 2022.

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, 2022, the actuarial valuations for the primary pension plans were updated. For the Swiss pension plans the discount rate was increased from 1.20% as per March 31, 2022 to 2.25%.

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, 2022.

A number of minor amendments to existing standards and interpretations were effective from April 1, 2022 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, 2023 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 continuously 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			2022
	Income statement as reported	Acquis. related amortization	**Income statement EBITA separation**
Sales	**1,846.6**		**1,846.6**
Cost of sales	(563.0)		(563.0)
Gross profit	**1,283.7**		**1,283.7**
Research and development	(120.0)	0.8	(119.2)
Sales and marketing	(644.6)	27.2	(617.4)
General and administration	(155.3)		(155.3)
Other income/(expenses), net	(0.0)		(0.0)
Operating profit before acquisition-related amortization (EBITA) [1]			**391.8**
Acquisition-related amortization		(28.0)	(28.0)
Operating profit (EBIT) [2]	**363.8**		**363.8**

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**

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

Agreement to acquire the HYSOUND Group

On August 19, 2022, Sonova Holding AG announced the agreement to acquire the HYSOUND Group, one of the leading nationwide chains of audiological care clinics in China. The HYSOUND Group will significantly enlarge Sonova's store footprint and direct consumer access in this fast-growing market, by adding around 200 clinics in over 20 provinces and more than 70 cities across China. The HYSOUND Group generated net revenue of approximately RMB 230 million (around CHF 32 million) in calendar year 2021. The transaction is expected to close in the second half of financial year 2022/23, subject to regulatory approval.

Restructuring costs

The Group's result for the first half of the financial year 2022/23 includes restructuring costs in connection with structural optimization initiatives in the amount of CHF 2.8 million (thereof CHF 0.7 million in cost of sales, CHF 2.6 million in sales and marketing and a reversal of CHF –0.6 million of a prior year provision in general and administration) that are included in short-term provisions in the balance sheet as of September 30, 2022. The Group expects the cash outflows to occur within the next 12 months. In the first half of the financial year 2021/22 restructuring costs amounted to 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).

6. Changes in Group structure

During the first half of financial year 2022/23 several small businesses were acquired in EMEA, North America and Asia/Pacific.

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

All of these companies acquired are in the business of producing and/or distributing and servicing hearing instruments. Due to the size of these transactions, they had no material impact on the financial statements. Assets and liabilities resulting from acquisitions in the current period as well as fair value changes from acquisitions recorded provisionally in the previous financial year are as follows:

CHF million	2022	2021
	Total	Total
Cash and cash equivalents	1.6	9.9
Trade receivables	1.1	2.1
Other current operating assets	(0.4)	2.4
Total current assets	**2.3**	**14.4**
Property, plant and equipment	0.2	2.3
Right-of-use assets	4.1	13.1
Intangible assets	19.5	23.9
Other non-current assets	1.0	0.4
Total non-current assets	**24.8**	**39.7**
Current financial liabilities	(3.9)	(9.3)
Current lease liabilities	(1.0)	(3.0)
Total current liabilities	**(4.8)**	**(12.3)**
Non-current financial liabilities	(4.8)	(6.2)
Non-current lease liabilities	(3.1)	(10.1)
Total non-current liabilities	**(7.9)**	**(16.3)**
Net assets	**14.4**	**25.5**
Goodwill	52.6	60.2
Purchase consideration	**67.0**	**85.7**
Liabilities for contingent considerations and deferred payments	(5.5)	(7.9)
Cash and cash equivalents acquired	(1.6)	(9.9)
Cash outflow for contingent considerations and deferred payments	25.8	5.9
Cash consideration for acquisitions, net of cash acquired	**85.7**	**73.7**

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 4.6 million and deferred payments amount to CHF 0.9 million. Contingent considerations 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 19.5 million (prior year period: CHF 23.9 million) 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 0.5 million (prior year period: CHF 0.8 million) have been expensed and are included in the line “General and administration”.

April 1 to September 30, CHF million	2022	2021
	Total	Total
Contribution of acquired companies from date of acquisition		
Sales	7.1	12.6
Net income	0.7	1.0
Contribution, if the acquisitions had occurred on April 1		
Sales	13.3	20.3
Net income	2.9	2.3

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 2022/23 and 2021/22 is as follows:

CHF million	2022	2021	2022	2021	2022	2021	2022	2021
	Hearing Instruments		Cochlear Implants		Corporate/ Eliminations		Total	Total
Segment sales	1,708.4	1,467.9	147.6	139.6			1,856.0	1,607.5
Intersegment sales	(5.2)	(2.3)	(4.1)	(1.3)			(9.3)	(3.6)
Sales	**1,703.2**	**1,465.6**	**143.5**	**138.3**			**1,846.6**	**1,603.8**
Timing of revenue recognition								
At point in time	1,642.9	1,395.1	136.6	134.6			1,779.6	1,529.6
Over time	60.2	70.5	6.8	3.7			67.1	74.2
Total sales	**1,703.2**	**1,465.6**	**143.5**	**138.3**			**1,846.6**	**1,603.8**
Operating profit before acquisition-related amortization (EBITA)	**373.5**	**376.9**	**18.5**	**17.1**	**(0.1)**	**(0.0)**	**391.8**	**393.9**
Depreciation and amortization	(100.3)	(85.8)	(18.7)	(19.0)			(119.0)	(104.8)
Segment assets	**4,776.5**	**4,114.0**	**586.3**	**593.8**	**(683.1)**	**(708.8)**	**4,679.7**	**3,999.1**
Unallocated assets [1]							517.5	1,739.7
Total assets							**5,197.2**	**5,738.8**

[1] Unallocated assets include cash and cash equivalents, other current financial assets (excluding loans), investments in associates/joint ventures, retirement benefit asset and deferred tax assets.

Reconciliation of reportable segment profit CHF million	2022	2021
EBITA	391.8	393.9
Acquisition-related amortization	(28.0)	(21.7)
Financial costs, net	(14.9)	(20.7)
Share of profit/(loss) in associates/joint ventures, net	1.7	1.5
Income before taxes	**350.5**	**353.0**

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	**2022**	**2021**
Income after taxes (CHF million)	291.9	294.8
Weighted average number of outstanding shares	60,710,052	62,833,621
Basic earnings per share (CHF)	**4.81**	**4.69**

In the case of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming all outstanding dilutive options will be exercised. 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 to 2022 and which have not yet been exercised. Options that are out-of-the-money (compared to average share price) are not considered. The calculation of diluted earnings per share is based on the same income after taxes for the period as is used in calculating basic earnings per share.

Diluted earnings per share	**2022**	**2021**
Income after taxes (CHF million)	291.9	294.8
Weighted average number of outstanding shares	60,710,052	62,833,621
Adjustment for dilutive share options	333,871	441,512
Adjusted weighted average number of outstanding shares	61,043,923	63,275,133
Diluted earnings per share (CHF)	**4.78**	**4.66**

9. Contingent assets and liabilities

Lawsuits and disputes

On October 4, 2018 MED-EL Elektronische Geräte GmbH and MED-EL Corporation, US, filed a complaint against Advanced Bionics LLC in the US federal court for the district of Delaware for alleged patent infringement of two MED-EL patents related to products launched in 2018. While the ultimate outcome of the dispute remains open, Advanced Bionics continues to believe the complaint has no merit and is vigorously defending its position and intellectual property. On March 8, 2022, the Regional Court of Mannheim in Germany has reached a judgment in the first instance in a patent infringement lawsuit brought by MED-EL Elektromedizinische Geräte GmbH (Med-El) against its German subsidiary Advanced Bionics GmbH and Swiss subsidiary Advanced Bionics AG (AB). AB believes the complaint has no merit and has therefore appealed the judgment with the Higher Regional Court of Karlsruhe. The Mannheim judgment includes an injunction. Med-El enforced the injunction, thus prevented further sales of the HiRes Ultra 3D cochlear implant in and from Germany. On September 29, 2022 the Technical Board of Appeal in the European Patent Office ruled that Med-El's patent is invalid in the version at stake in the infringement proceedings and only confirmed a very restricted version of the claim of Med-El's patent. The Higher Regional Court then preliminarily suspended the enforcement of the injunction with a final decision on the suspension expected by November 16, 2022. A hearing in the appeal proceedings is not yet scheduled.

On January 20, 2020, Advanced Bionics Corporation ("AB"), Delaware, received a subpoena from the Office of the Inspector General at the U.S. Department of Health and Human Services, (the "HHS-OIG"). The subpoena related to AB's testing of radio frequency emissions of certain of AB's sound processors and AB's reporting of those test results in submissions to the U.S. Food and Drug Administration from 2010 to the present. AB has continuously cooperated with the HHS-OIG and the U.S. Department of Justice in connection with this subpoena, and has reached an agreement in principle with the U.S. Department of Justice. AB has made appropriate financial provisions for this agreement in principle. AB is negotiating definitive agreements with the U.S. Department of Justice and expects a final settlement to be reached in the second half of FY 2022/23.

10. Financial liabilities

As of September 30, 2022, the Group has the following bonds/US Private Placement outstanding.

Financial liabilities (CHF million)	Currency	Nominal value	Interest rate	Maturity
US Private Placement	USD	180	2.84%	July 14, 2025
Fixed-rate bond	CHF	200	0.50%	October 6, 2025
Fixed-rate bond	CHF	300	0.75%	October 6, 2028
Fixed-rate bond	CHF	200	1.05%	February 19, 2029
Fixed-rate bond	CHF	100	0.00%	October 11, 2029
Fixed-rate bond	CHF	250	1.40%	February 19, 2032
Fixed-rate bond	CHF	100	0.40%	October 11, 2034

On April 6, 2022, the Group repaid a CHF 330 million fixed-rate bond.

On May 2, 2022, Sonova Holding AG issued a CHF 200 million fixed-rate bond with interest rate of 1.05% and maturity on February 19, 2029 and a CHF 250 million fixed-rate bond with interest rate of 1.40% and maturity on February 19, 2032.

As of September 30, 2022 the Group had drawn CHF 75 million of the credit facilities.

11. Movements in share capital

The Annual General Shareholders' Meeting of June 15, 2022 declared a gross dividend of CHF 4.40 per registered share for the financial year 2021/22. The dividend was paid in June 2022 to all shares outstanding, excluding treasury shares.

As announced on March 29, 2022, the Board of Directors of Sonova Holding AG has decided to initiate a share buyback program with a maximum overall value of CHF 1.5 billion. The shares are repurchased for the purpose of a capital reduction, subject to approval by future Annual General Shareholders' Meetings. The program started in April 2022 and will run until April 2025. For further details refer to the Group's media releases.

Issued registered shares	Issued registered shares	Treasury shares [1]	Outstanding shares
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 [2]	(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**
Balance April 1, 2022	63,172,157	(2,084,471)	61,087,686
Purchase of treasury shares		(140,000)	(140,000)
Sale/transfer of treasury shares		182,169	182,169
Cancellation of treasury shares [3]	(2,012,438)	2,012,438	
Purchase of treasury shares from share buyback		(1,013,606)	(1,013,606)
Balance September 30, 2022	**61,159,719**	**(1,043,470)**	**60,116,249**

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 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 was executed on September 2, 2021.

[3] The Annual General Shareholder's Meeting of June 15, 2022, approved the proposed cancellation of 2,012,438 treasury shares, resulting in a reduction of share capital of 100,621.90 Swiss francs, retained earnings and other reserves of CHF 702.7 million offset by changes in treasury shares of CHF 702.8 million. This cancellation was executed on September 2, 2022.

12. Events after balance sheet date

There have been no material events after the balance sheet date.

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