



# Investor Presentation

September 2022

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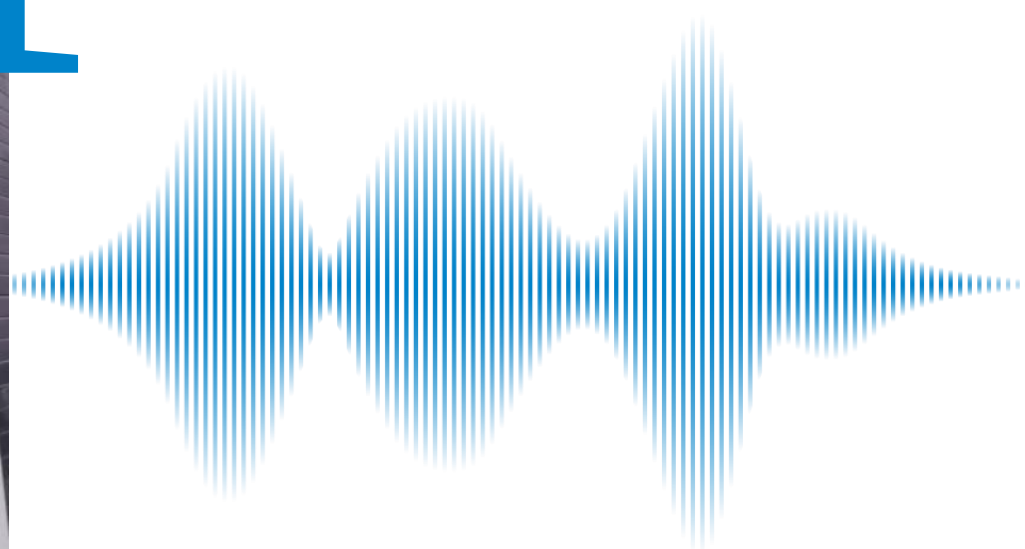
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# Sonova Group & hearing care market



Key highlights – FY 2021/22

## Sales



**CHF 3,364m**  
+29.0% in LC  
(2y CAGR: +9.7% in LC)

## EPS (adj.)



**CHF 10.76 per share**  
+39.6% in CHF  
(2y CAGR: +27.4% in LC)

## Sales outlook



**+15-19%**  
growth in LC  
in FY 2022/23

## EBITA (adj.)



**CHF 844.4m**  
+39.3% in LC  
(2y CAGR: +21.8% in LC)

## Consumer access



Significant expansion of  
the AC network & entry  
into the consumer  
hearing segment

## EBITA (adj.) outlook



**+6-10%**  
growth in LC  
in FY 2022/23

## Reasons to invest in Sonova

### Attractive market

- Attractive secular growth drivers
- Resilience to economic cycles
- Good penetration potential in both HI & CI
- 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

Hearing Instruments



**PHONAK** **unitron**

Audiological Care



**AudioNova**

Consumer Hearing



**SENNHEISER**

## Cochlear Implants segment

Cochlear Implants



**AB** **ADVANCED BIONICS**

# Product and service offering

Broadest and most advanced offering of hearing care solutions

## SENNHEISER

### Consumer Hearing



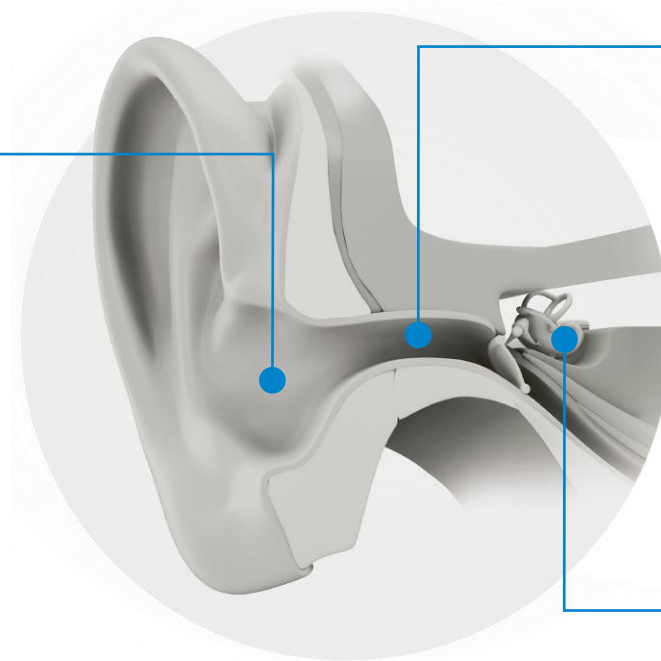
Premium & True Wireless headphones



Enhanced hearing



Audiophile



## 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



### Cochlear Implants



Sound processors



Cochlear implant systems with electrodes

## AudioNova

### Audiological Care



Individual diagnostics and analysis

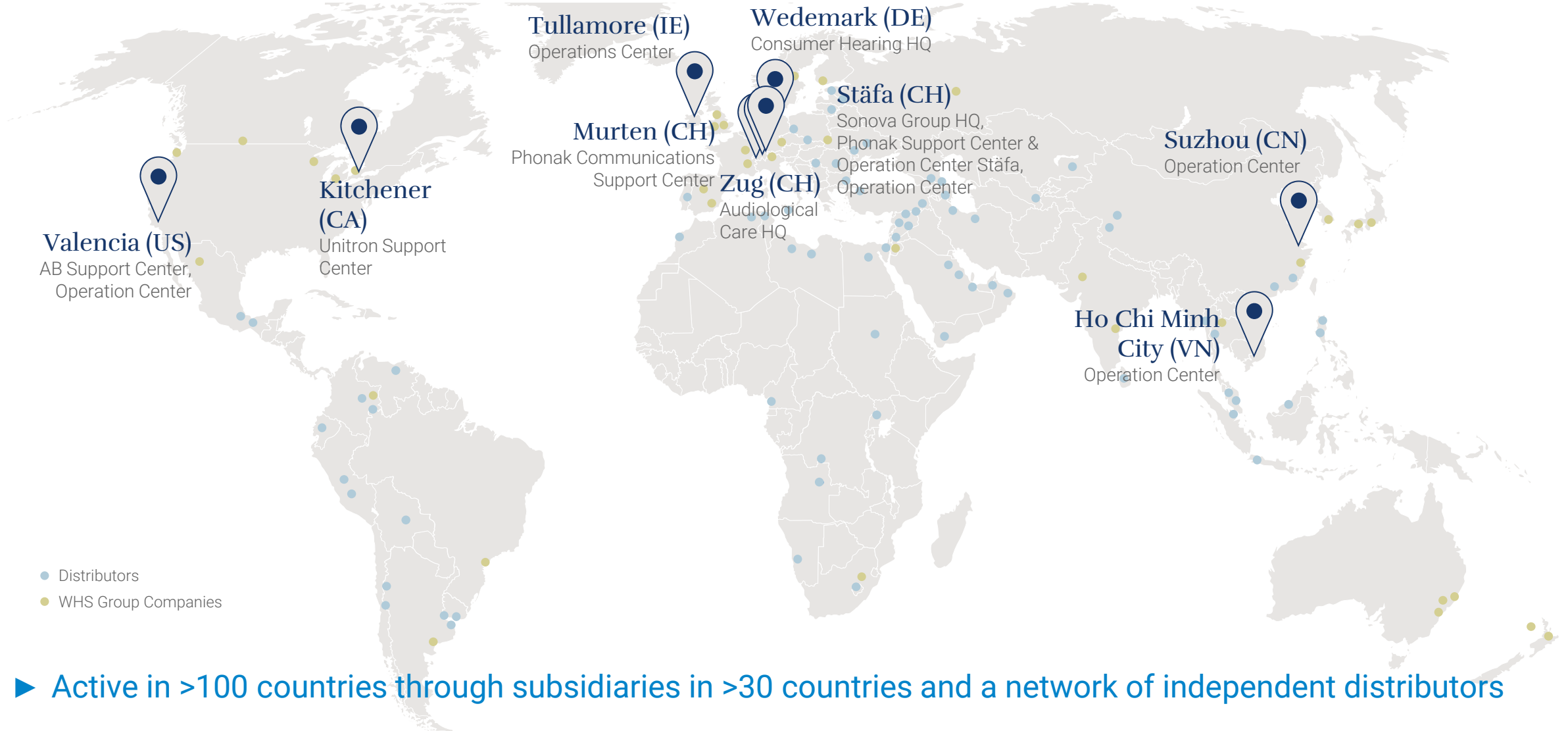
Hearing assessments and counseling, personalized fitting of hearing aids

After care and hearing aid maintenance services



# Our footprint

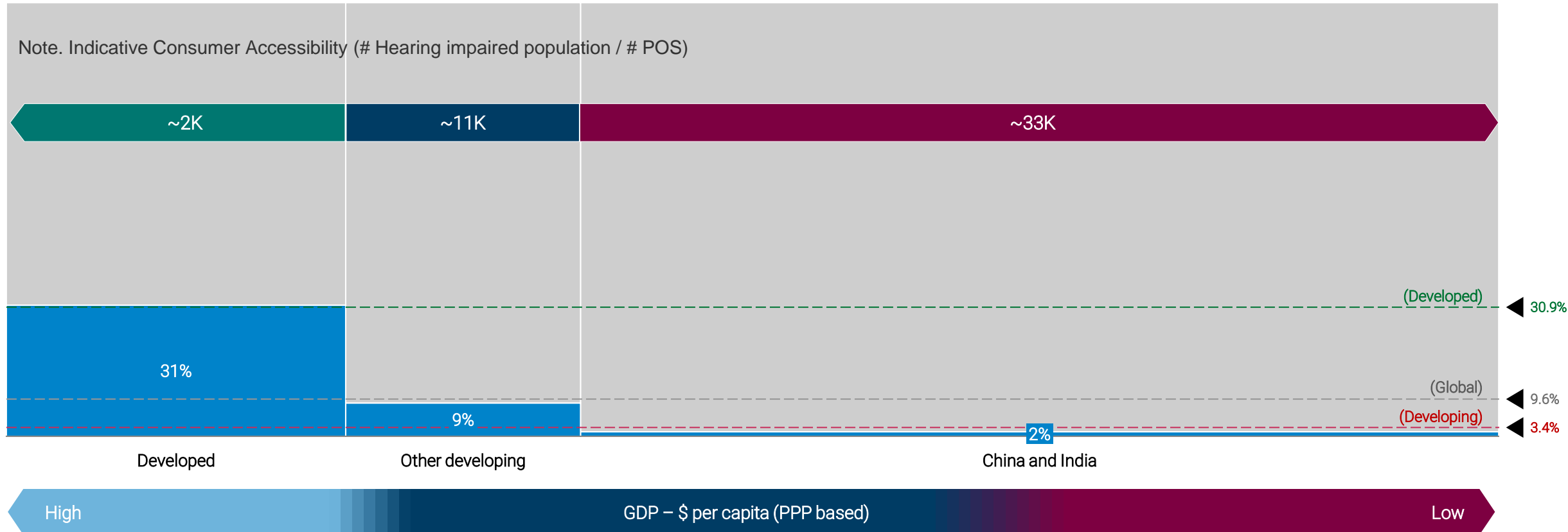
Strong global presence



# Market potential

## Market penetration and access to hearing care

Label ■ HI users ■ Hearing impaired w/ no HI ◀ Avg. adoption rate % Note. Bar width = Hearing impaired population



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

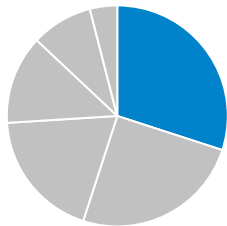


~ CHF 6-7 bn

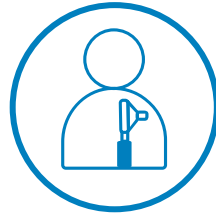
~ 18-19 mln units

Market CAGR: ~3-5%

# 1 in the HI market



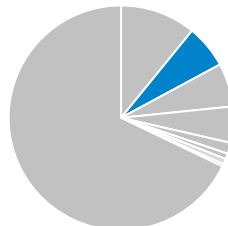
## Audiological Care



~ CHF 11-12 bn

Market CAGR: ~ 3-5%

# 2 in the retail market



## Cochlear Instruments manufacturing

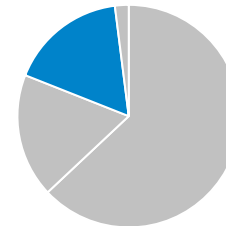


~ CHF 1.5 bn

~65k units

Market CAGR: ~5-10%

# 2/3 in the CI market



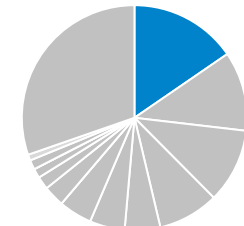
## Total hearing care market



~ CHF 19-20 bn

Market CAGR: ~4-5%

# 1 in the hearing care market

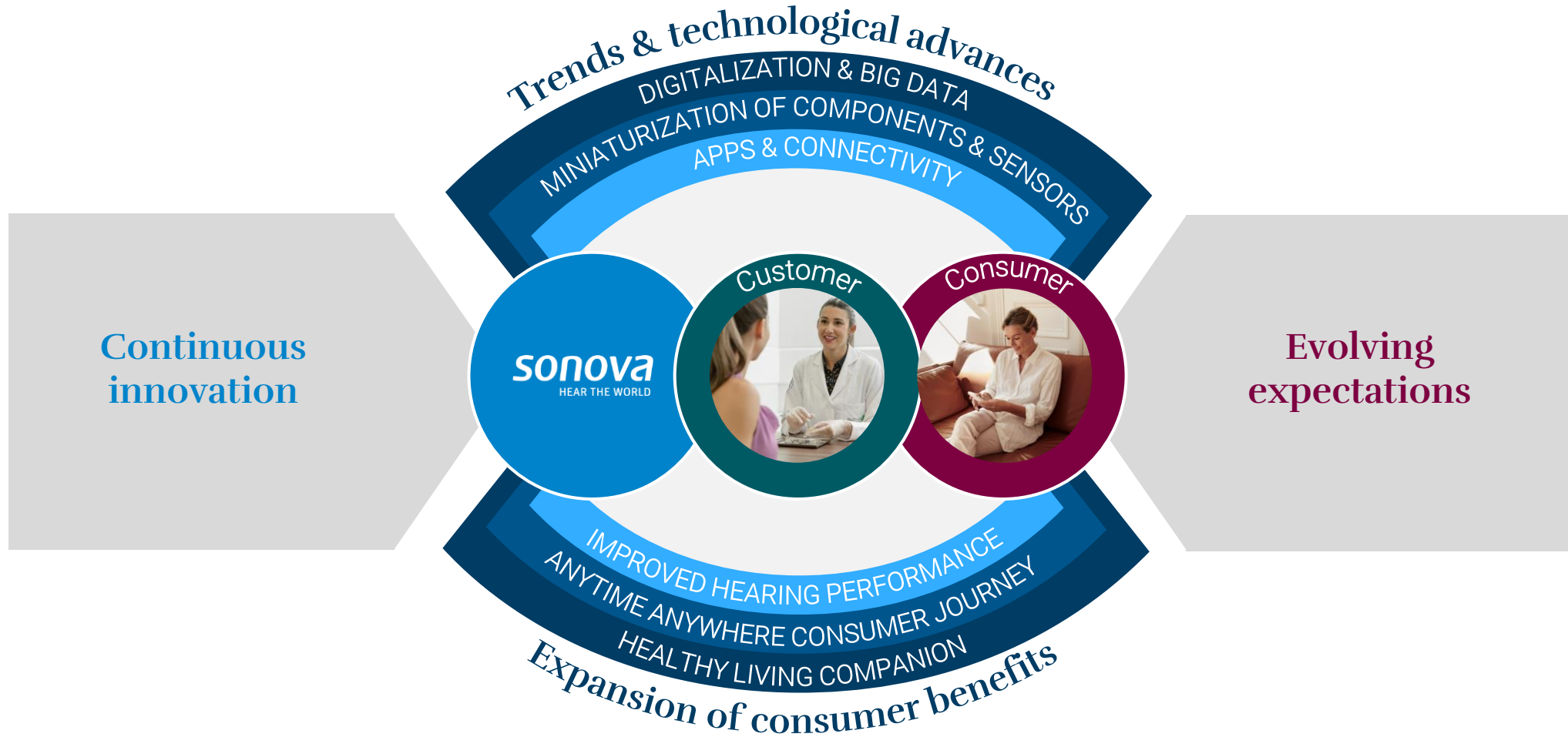


► **Sonova – #1 position in the overall hearing care market**

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

# Market trends

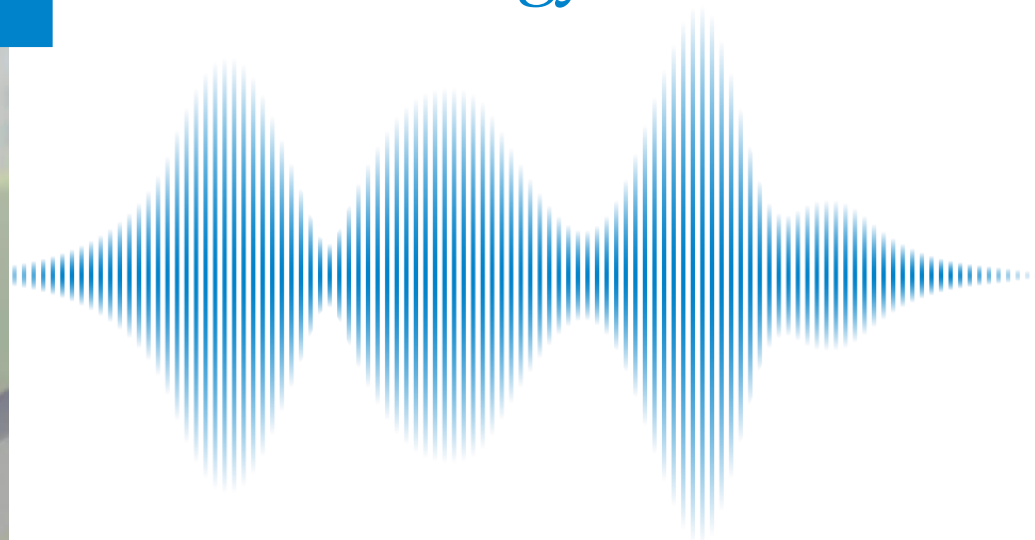
Technological advances and expansion of consumer benefits



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

# 2

## Our strategy



# Our strategy

Six strategic pillars



► Further progress achieved on our proven strategy, especially on expansion of our consumer access

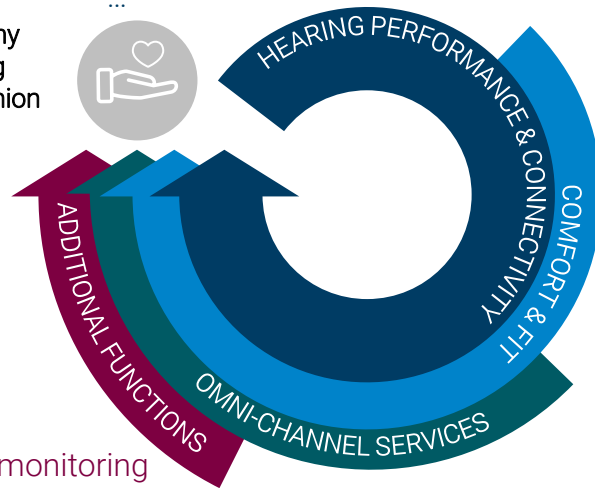
# Lead innovation

Building up competence in Artificial Intelligence and sensor technology

## Innovation framework

- Effortless communication in daily life powered by AI
- Natural and authentic sound quality
- Seamless adaptation to environment
- Multi-media streaming
- ...

Healthy living companion



- 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

# Leading innovation

Phonak Audéo Fit – launch announced in April 2022



\*Compared to Phonak Audéo Marvel

Note: In order to access health data, it is necessary to create an account within myPhonak app

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](http://www.phonakpro.com/evidence), accessed November 2020.

► Building on proven Paradise technology with additional health functionalities



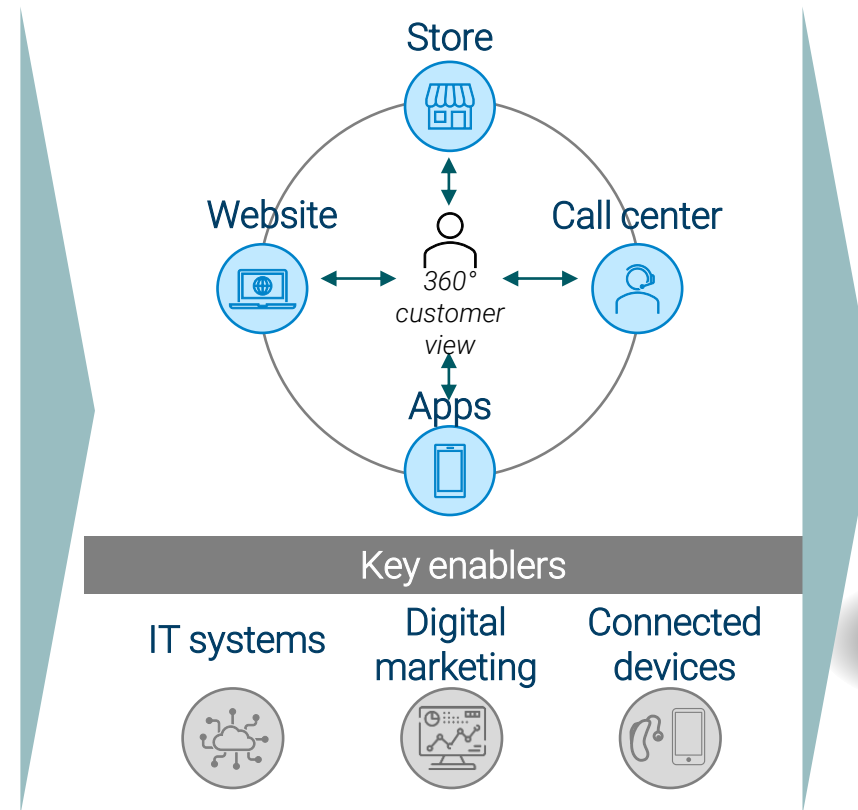
# Expand consumer access – Omni-channel AC network

Proactive approach to serve changing consumer needs and driven by digitalization

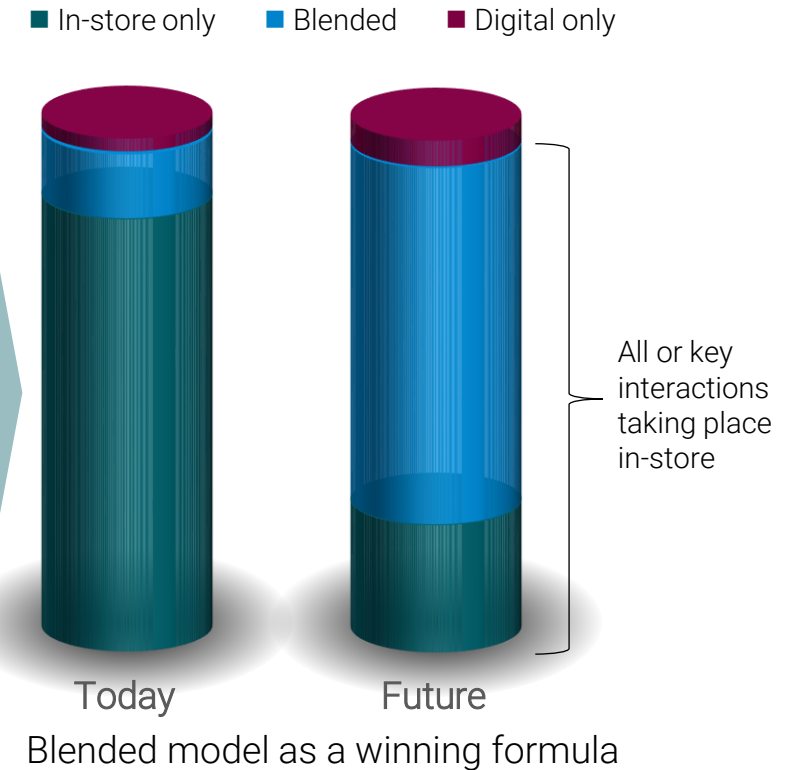
## Omnichannel strategic pillars



## Ecosystem



## Evolution of the channel mix



► 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 430 million invested in FY 21/22, adding over **400 POS** and more than CHF 170 million sales p.a.



## P&L investments:

Expansion with various store formats

Opened over **100 POS** in FY 21/22 incl. 12 new World of Hearing stores



Mid-term:

targeting combined MSD to HSD percentage points average annual growth contribution in AC

▶ Significant network expansion realized in FY 2021/22 in line with our strategy

# Extend reach through commercial excellence

Driving growth beyond product innovation through sales, marketing and pricing excellence

## Enabling sustainable market share gains



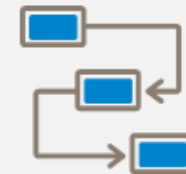
- Elevating commercial execution to drive market penetration
- Driving growth beyond product launches and innovation

## Three workstreams



- 1 **Sales excellence:** Improving sales productivity and funnel management to unlock or grow target segments with biggest growth potential
- 2 **Marketing excellence:** Improving B2B marketing to increase market visibility and ability to drive segment specific campaigns
- 3 **Pricing Excellence:** Building pricing capabilities by strengthening pricing execution process and enablers

## Rollout plan



- Continuous improvement in Wave 1 Summit GCs (US, DE, FR, UK)
- Sales Ex deployment in Wave 2 countries (CA, ES) – launched in Dec. 2020
- GTM phase 2 in the US (more FOTS)
- Processes and learnings to be standardized for global deployment

► Grow customer base through better coverage and commercial execution

# Invest in high growth markets

Consumer journey innovation – Omni channel model in China

## Lead generation

- Lead generation factory for Audionova & wholesale partners
- Leading followership
- Strategic platform partnerships



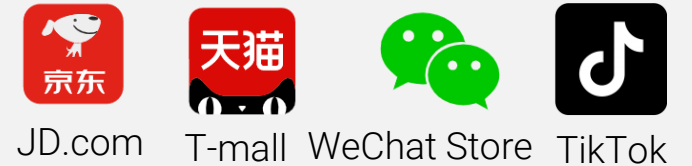
## Engagement

- Platform apps as portal for screening, appointment, eCommerce, etc.
- Personal invitation by call center
- Membership privileges



## Conversion

### Online stores



### Own stores



Brick & mortar

### Network partners



320 stores

▶ Executing our omni-channel approach from consumer engagement to fulfillment

# Continuous process improvement & structural optimization

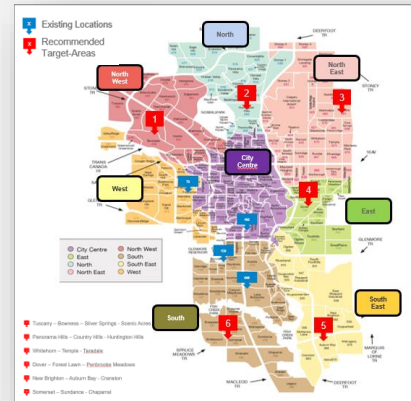
Audiological Care – Examples of continuous improvement of same-store base

## Marketing excellence



- Increase referrals from physicians and ear nose and throat doctors (ENTs)
- Expand digital lead generation

## Geo-optimized store portfolio management



- Systematic and data-driven process to optimize store network

## In-store excellence



- Improve audiologist productivity through standardized calendar management

▶ Driving same-store growth and delivering funds to invest into next tier growth opportunities

# Leverage M&A to accelerate growth strategically

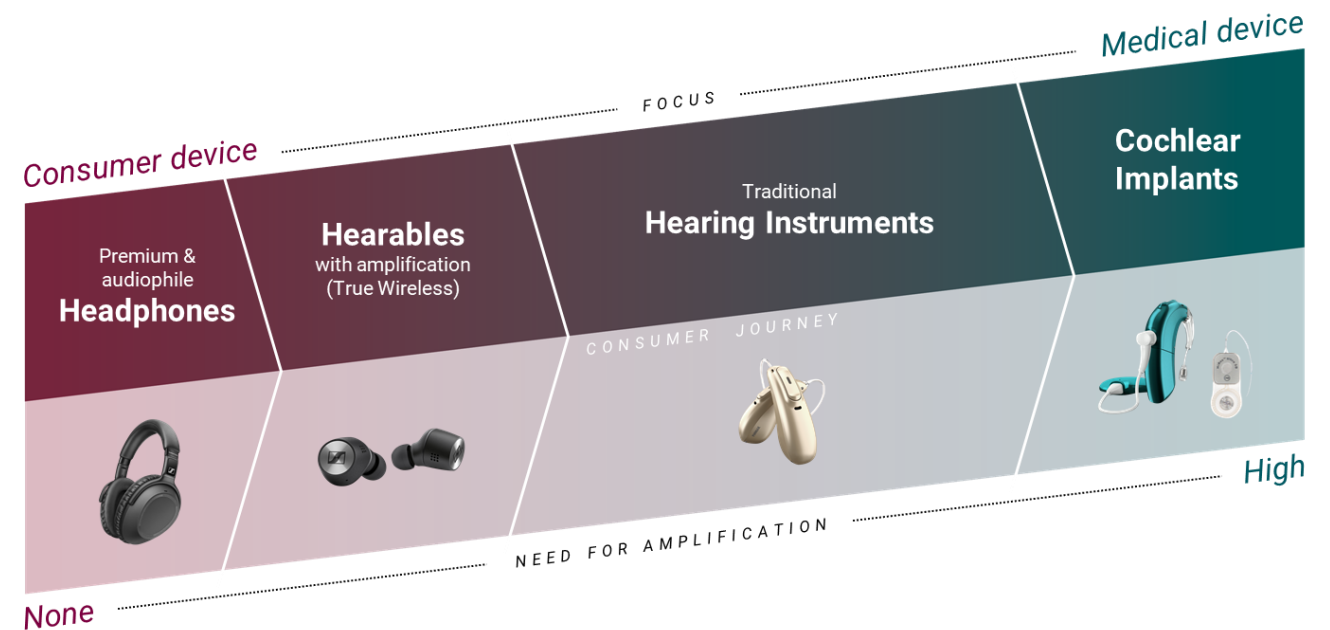
New Consumer Hearing business – Acquisition of Sennheiser Consumer Division

## 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



Sennheiser Consumer Division

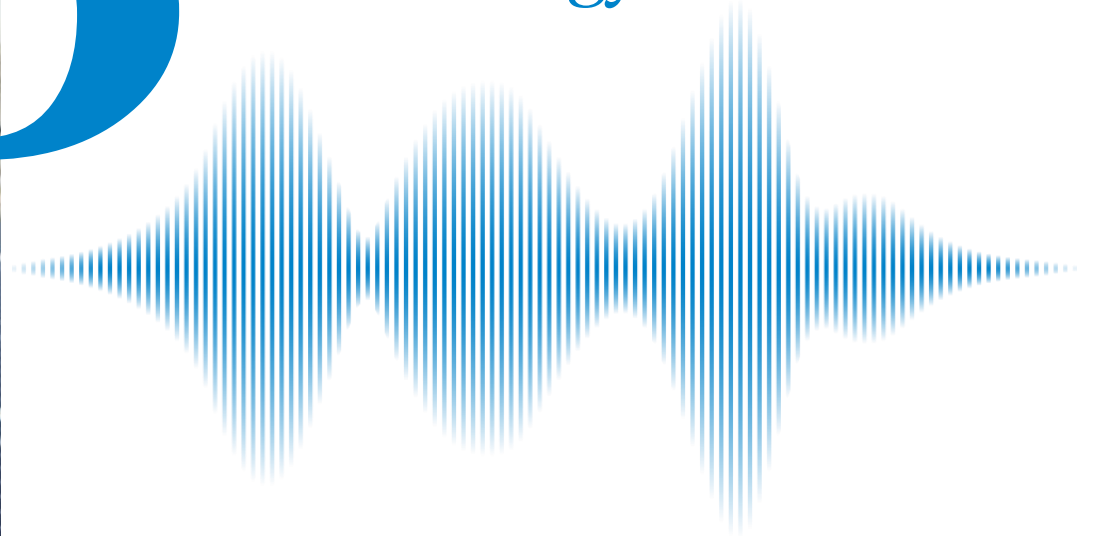


► Expanding Sonova's reach along the consumer journey leveraging Sennheiser's well established platform



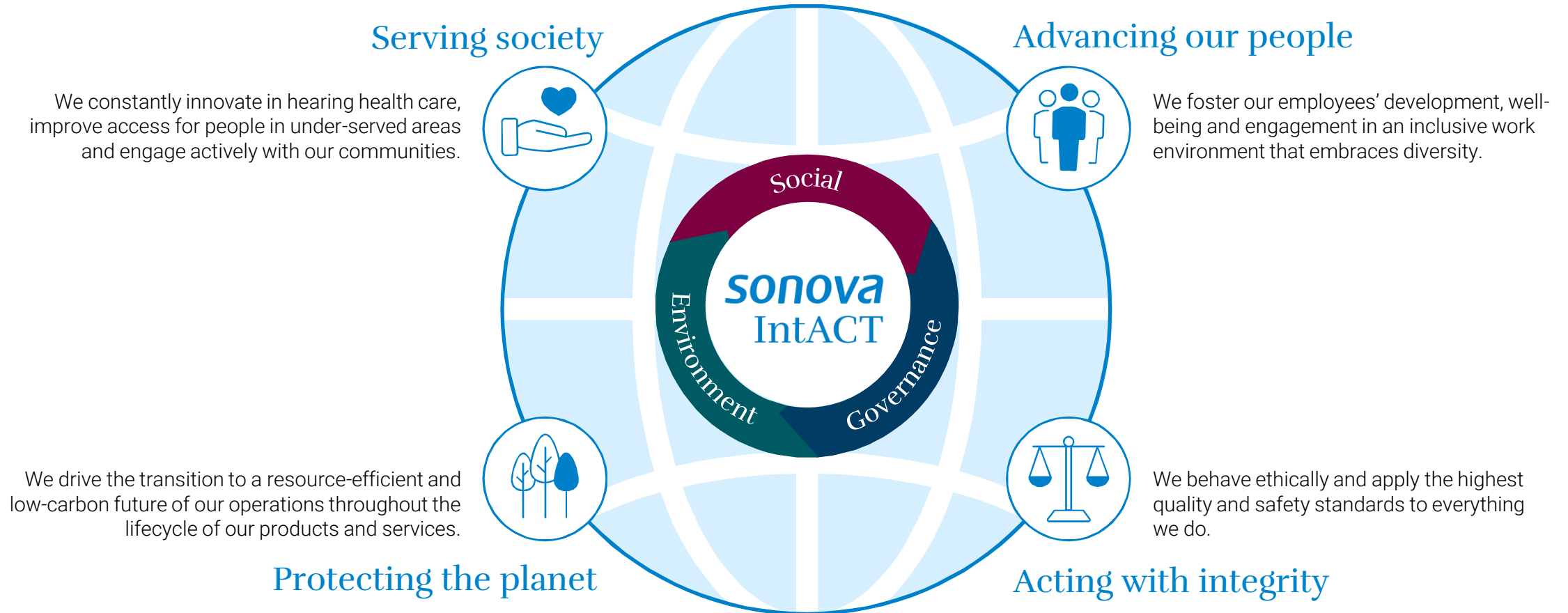
# 3

## ESG strategy



# Sonova's commitment to sustainable success

## IntACT – Sonova's ESG Strategy



► Advanced ESG strategy clustered around four strategic areas



# ESG highlights

Select achievements highlighting progress towards our ESG commitments



## Environmental

- ▶ Achieved **carbon neutrality in our own operations** (Scope 1 and 2 CO<sub>2</sub>e emissions) through energy efficiency measures, strongly increasing our renewable energy ratio, and investing in certified offsetting projects in China, Vietnam, and Brazil
- ▶ Completed a **full Scope 3 CO<sub>2</sub>e emissions assessment** to quantify all greenhouse gas emissions along our value chain



## Social

- ▶ Implemented global **employee health & wellbeing** measures, including the launch of global hybrid working guidelines
- ▶ 97% of non-production or assembly employees have a **personal development plan**
- ▶ Increase of **share of women in key positions** from vs. PY 33.5% to 35.2%
- ▶ Over 97% of employees have received **training on unconscious bias**



## Governance

- ▶ Conducted Sonova's first pilot **human rights impact assessment** to advance and further align our human rights due diligence across our value chain with international frameworks, such as the UNGP and OECD Guidelines
- ▶ >30% **product reliability improvement** of rechargeable technology from Audéo™ Marvel to Audéo™ Paradise

▶ Substantial progress in FY 2021/22

# ESG ratings

Commitment to sustainability is integrated in our business and culture

### Sonova ESG ratings

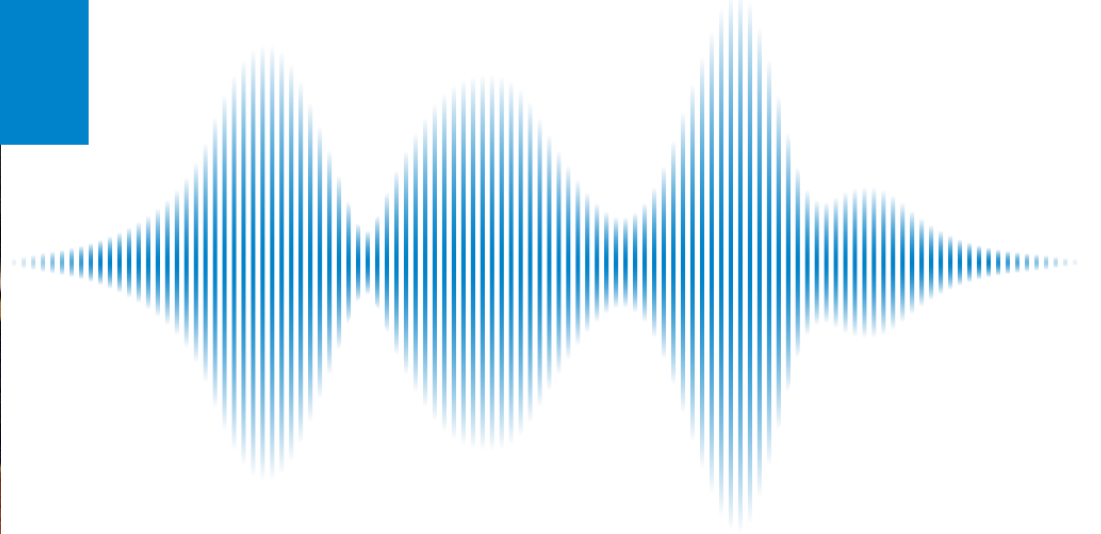
<p><b>B</b></p>	<p><b>AA</b></p>	<p><b>Low ESG risk</b></p>	<p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA</p> <p><b>DJSI member</b></p>
<p>Status: Prime (C+ or better) Industry position: Top 10%</p> <p><b>Last rating update: 12 Feb 2022</b></p>	<p>Sonova received an MSCI ESG Rating of AA.</p> <p><b>Last rating update: 22 Oct 2021</b></p>	<p><b>ESG Risk Rating</b></p> <p><b>15.2</b> Low Risk</p> <p><b>Ranking</b> Industry Group (1st = lowest risk) <b>Healthcare</b> <b>17</b> out of 609</p> <p><b>Last rating update: 18 Mar 2022</b></p>	<p>Member of indices: DJSI World &amp; DJSI Europe</p> <p><b>78</b> /100 ESG score</p> <p><b>98th</b> Industry percentile</p> <p><b>Last rating update: 12 Nov 2021</b></p>

► Major rating agencies confirm Sonova’s industry-leading ESG performance



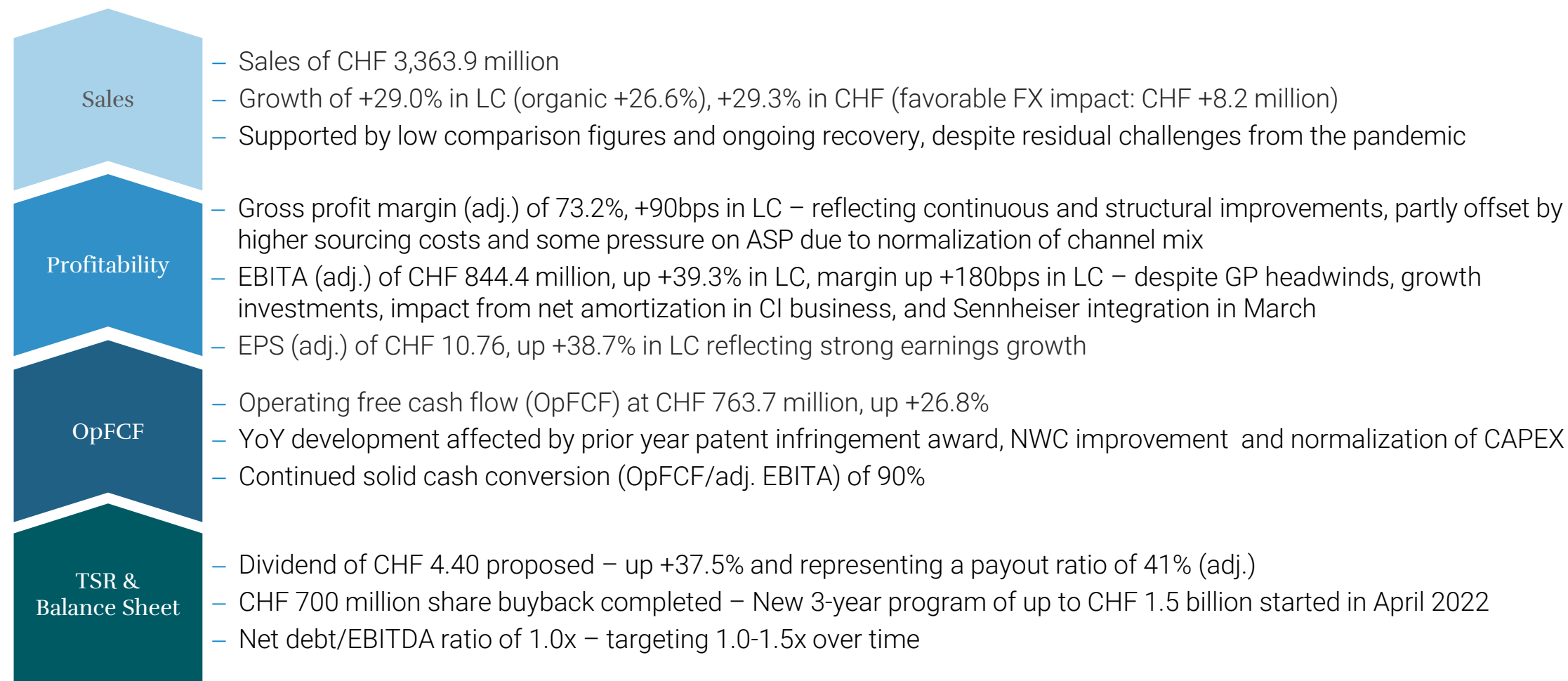
# 4

## Financial Information



# Full Year 2021/22 – Highlights

Building on Sonova's proven strategy – Delivering continued strong financial performance



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

# Full Year 2021/22 – Key financials

	CHF m	Margin	Δ % in LC	Δ margin in LC	2y CAGR in LC	Comments
Sales	3,363.9		+29.0%		+9.7%	
Gross profit (adj.)	2,463.7	73.2%	+30.6%	+90bps	+10.8%	– Continuous improvement, partly offset by sourcing & freight costs in H2 – ASP headwind from further normalization of the channel mix
OPEX (adj.)	1,619.2		+26.4%		+5.9%	– Investments in growth initiatives funded by cost optimization
EBITA (adj.)	844.4	25.1%	+39.3%	+180bps	+21.8%	– Supply Chain headwinds and dilutive effect from acquisitions in 2H partly offset structural and continuous improvements in COGS
Adjustments	-41.5					
EBITA (reported)	802.9	23.9%	+20.3%	-170bps	+25.8%	– Prior year benefitted from patent infringement income
Acq. rel. amortization	-42.9					– In line with prior year level
EBIT (reported)	760.0	22.6%	+21.9%	-130bps	+27.8%	
Financial result	-31.8					– Step up in debt
Tax	-64.5					– Step up of underlying tax rate to 14.5% (FY 2020/21: 12.5%)
Net profit (reported)	663.6	19.7%	+12.5%	-290bps	+22.8%	
EPS (adj. in CHF)	10.76		+38.7%		+27.4%	– Driven by strong earnings growth
EPS (reported in CHF)	10.42		+12.2%		+23.6%	– Up +13.0% in CHF and 12.2% in LC (2y CAGR: +17.0% in CHF)

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

► **Strong development supported by solid market recovery, low comparison base and strong execution**

# Hearing Instruments segment

Continued strong momentum and progress on profitability

**Sales**  
**CHF 3,084m**

+27.2% vs. PY in LC

+9.4% 2y CAGR in LC

**EBITA (adj.)**  
**CHF 807m**

+30.2% vs. PY in LC

+19.2% 2y CAGR in LC

Margin 26.2%: +60bps

**HI business**  
**Sales:**  
**CHF 1,838m**

+25.4% vs. PY in LC  
+9.5% 2y CAGR in LC

+25.5% organic growth

**AC business**  
**Sales:**  
**CHF 1,237m**

+29.1% vs. PY in LC  
+9.0% 2y CAGR in LC

+23.4% organic growth

**CH business**  
**Sales:**  
**CHF 9m**

## Segment sales

- Strong organic growth further supported by accelerated M&A activity
- Ongoing market recovery despite some residual headwinds from COVID-19 pandemic
- Continued momentum of Phonak Paradise supported by commercial execution
- Limited contribution of newly formed Consumer Hearing business in the final month of FY 2021/22

## Segment profitability

- Benefiting from higher sales volume
- Healthy balance between higher growth investments and continued margin expansion
- Supply chain constraints and dilutive effect from acquisitions affecting profitability development

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

► **Strong sales and sustainably high profitability despite unforeseen headwinds and growth investments**

# Cochlear Implants segment

Strong demand for the new Marvel sound processors

## Sales

CHF 279.9m

+51.7% vs. PY in LC

+10.5% 2y CAGR in LC (adj)

## EBITA (adj.)

CHF 36.8m

Margin 13.2%

Up from negative EBITA in PY,  
highest in history

## System sales

CHF 175.8m

+35.7% vs. PY in LC

+2.9% 2y CAGR in LC (adj.)

## Upgrade sales

CHF 104.1m

+88.9% vs. PY in LC

+28.1% 2y CAGR in LC

## Cochlear implant systems

- Pick-up of elective surgeries at the start of the year
- Held back by supply shortages and rising infection rates leading to hospital staffing shortages in 2H
- Recapturing market share after the voluntary field corrective action

## Upgrades and accessories

- Strong market response to new sound processors based on proven Marvel technology

## Segment profitability

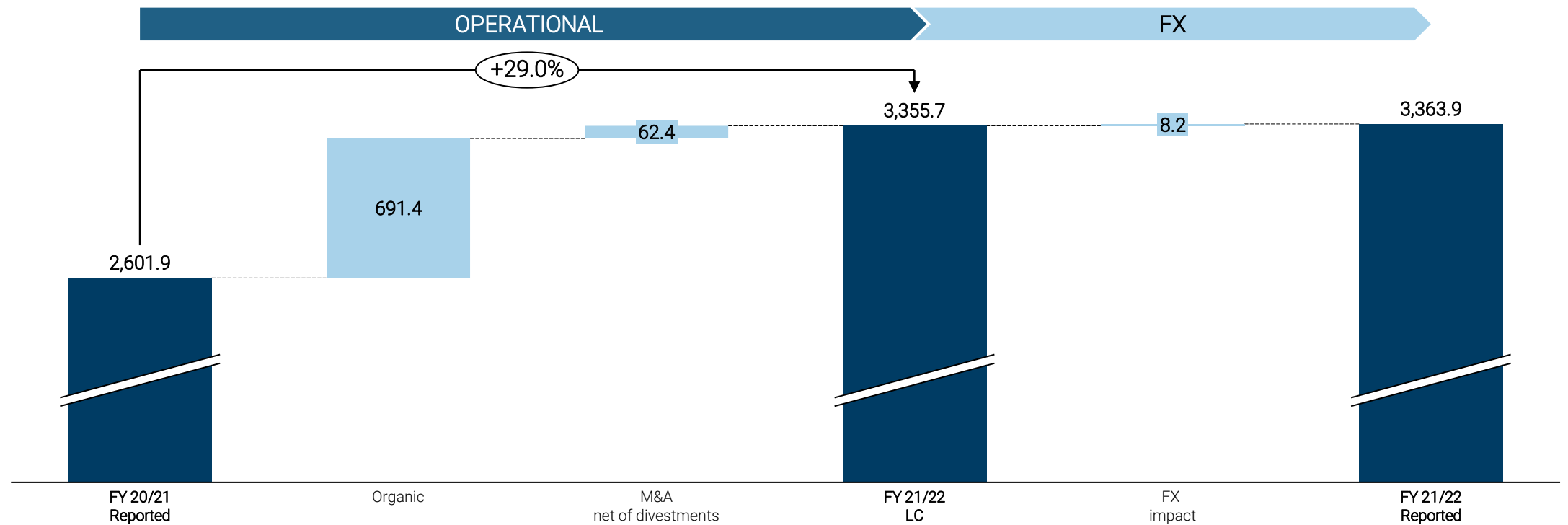
- Double-digit profitability supported by continuous and structural improvements
- Positive ASP development supported by innovation and strong market recovery in the US
- Significant net amortization of capitalized development costs after Marvel processor launch

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

► **Strong growth and market share gains – Continuous and structural improvement driving profitability**

# Sales components

in CHF million

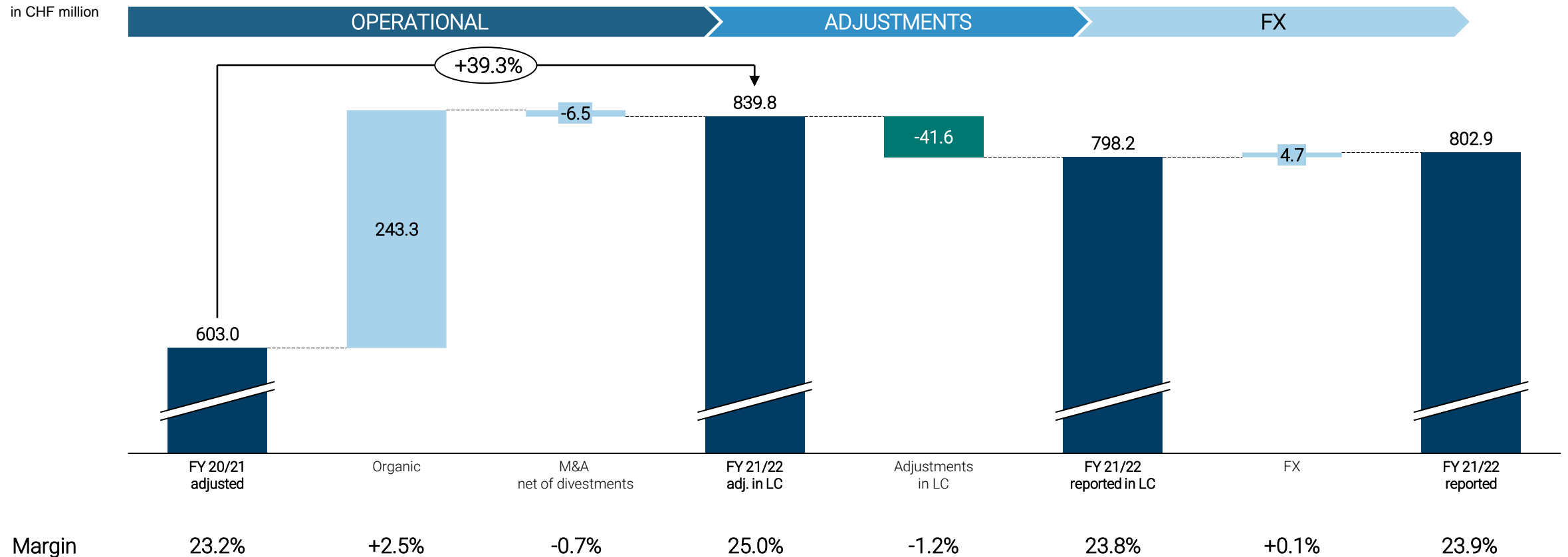


YoY growth components	+26.6%	+2.4%	+29.0%	+0.3%	+29.3%
2-year CAGR	+8.4%	+1.3%	+9.7%	-2.3%	+7.4%

► Strong sales momentum supported by market recovery – Good contribution from higher M&A activity



# EBITA components



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

► Strong YoY margin improvement – in 2HY partly offset by supply chain headwinds and dilution from M&A

# Operating Expenses

	FY 2021/22			FY 2020/21	
	CHF m	Δ % in LC	2y CAGR in LC	CHF m	Comments
Research & Development (adj.) in % of sales	-229.4 6.8%	+28.7%	+19.3%	-177.9 6.8%	<ul style="list-style-type: none"> <li>– Targeted step up in new technology investments</li> <li>– CI amortization of capitalized development costs significantly exceeding capitalization (trend reversal with net P&amp;L impact)</li> </ul>
Sales & Marketing (adj.) in % of sales	-1,090.1 32.4%	+26.5%	+4.9%	-858.6 33.0%	<ul style="list-style-type: none"> <li>– Network expansion and investments in lead-generation</li> <li>– Reduced store foot traffic leading to higher costs per lead</li> </ul>
General & Administration (adj.) in % of sales	-299.8 8.9%	+23.5%	+1.3%	-242.0 9.3%	<ul style="list-style-type: none"> <li>– Ongoing investment in CRM platform for AC business</li> <li>– One-time impact of provisions related to Russia</li> </ul>
Other income/expenses (adj.)	0.0	NM	NM	1.4	
<b>Total OPEX (adj.)</b> in % of sales	<b>-1,619.2</b> 48.1%	<b>+26.4%</b>	<b>+5.9%</b>	<b>-1,277.1</b> 49.1%	<ul style="list-style-type: none"> <li>– Minor government support vs. CHF 42.5 million in PY</li> </ul>
Adjustments	-38.5	NM	NM	66.9	<ul style="list-style-type: none"> <li>– FY 2020/21: net benefit due to AB patent award</li> <li>– FY 2021/22: costs related to restructuring, M&amp;A and legal</li> </ul>
<b>Total OPEX (reported)</b> in % of sales	<b>-1,657.7</b> 49.3%	<b>+36.6%</b>	<b>+5.6%</b>	<b>-1,210.3</b> 46.5%	

Note: Operating expenses excluding acquisition related amortization; adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments

## ► Step-up of growth investments funded by good cost control

# Capital allocation

Total shareholder return (TSR) strategy

## Sonova TSR strategy

### 1. Acquisitions

- Bolt-ons: CHF 70-100 million p.a.
- Strategic and technology acquisitions

### 2. Attractive dividend

- Maintain payout ratio of around 40%

### 3. Healthy balance sheet

- Targeting net debt / EBITDA ratio of 1.0-1.5x over time

### 4. Share buyback

- New three-year buyback program of up to CHF 1.5 billion

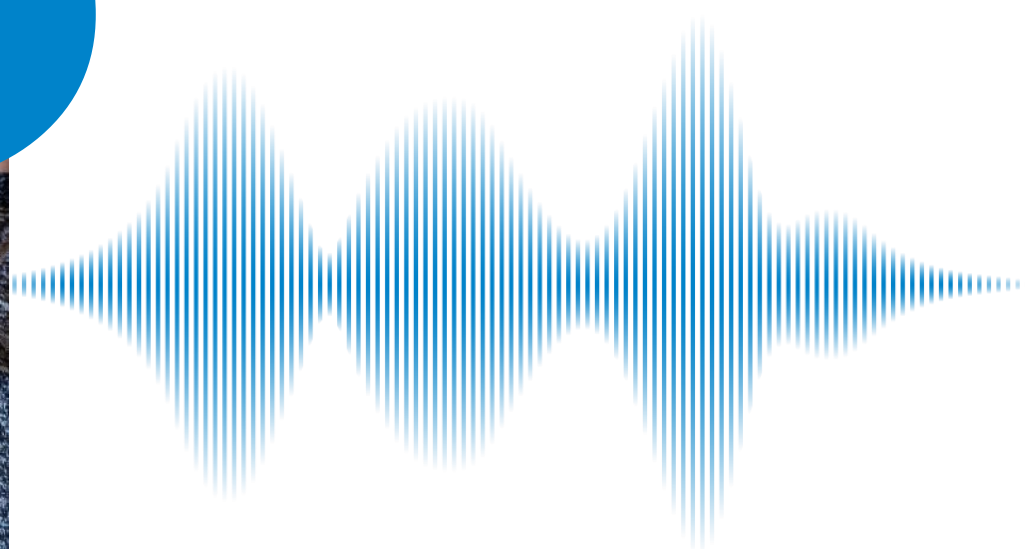
- Total M&A cash-out: around CHF 600 million spent for AC network expansion and acquisition of the Sennheiser Consumer Division
- Over CHF 200 million distributed
- Dividend increase of 37.5% proposed, resulting in cash distribution of over CHF 260 million
- Equity ratio of 43.5%
- Net Debt/EBITDA ratio of 1.0x.
- 2021-22 buyback completed March 28
- Shares worth CHF 699.3 million bought back

► TSR strategy aimed at creating shareholder value – Significant cash deployed in FY 2021/22



# 5

## Outlook



# Outlook

Guidance and mid-term target as of August 16, 2022

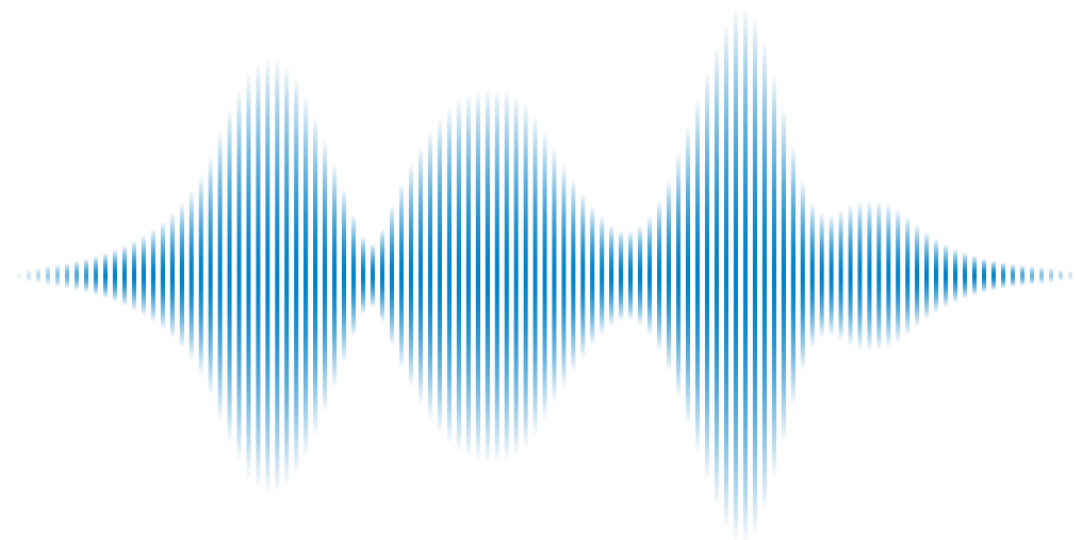
In LC	Guidance FY 2022/23	Mid-term Target
Sales growth	+15% to +19%	+6% to +9% p.a.
adj. EBITA growth	+6% to +10%	+7% to +11% p.a.

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



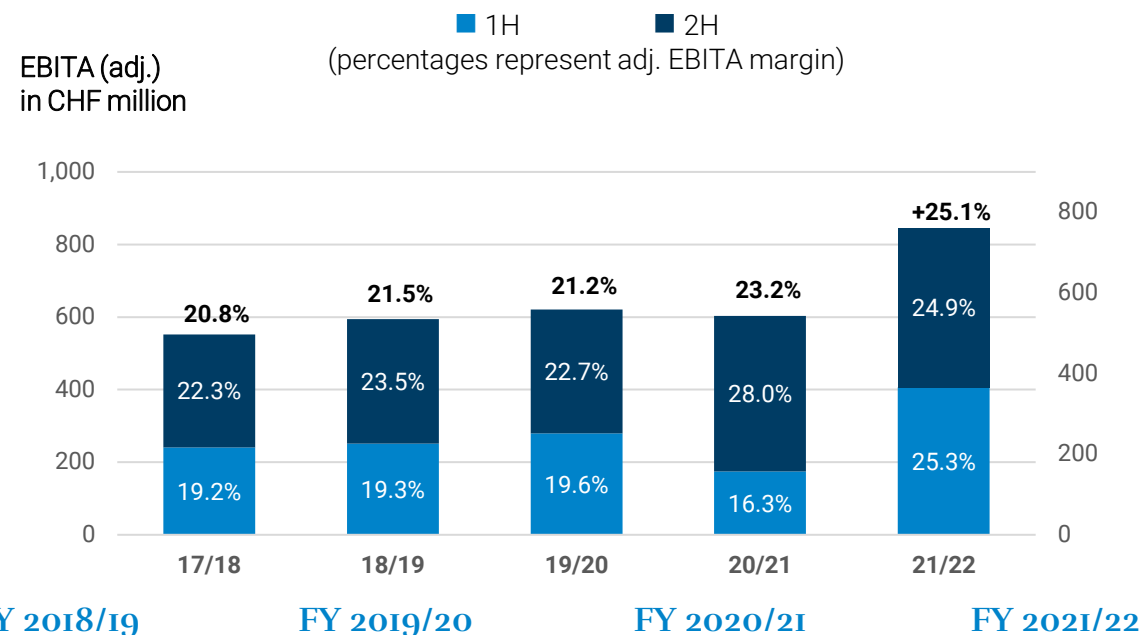
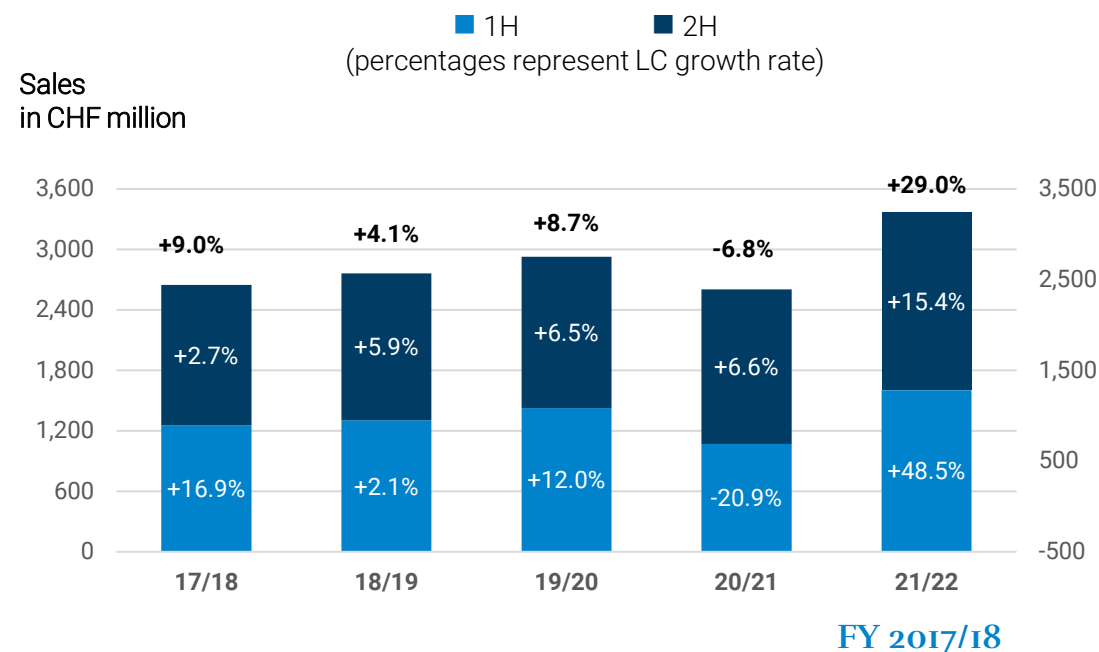
# 6

## Appendix



# Appendix

## Performance history



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

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

► Solid growth in recent years with FY 2020/21 affected by COVID – Strong margin progression despite FX

# Appendix

## Key financials

	<b>FY2021/22</b> CHF m	<b>Δ % in LC</b> vs. FY 2020/21	<b>Δ % in LC</b> vs. FY2019/20	<b>2y CAGR</b> in LC
Sales HI segment	3,084.0	+27.2%	+19.8%	+9.4%
<i>Sales HI business</i>	1,838.4	+25.4%	+19.8%	+9.5%
<i>Sales AC business</i>	1,236.8	+29.1%	+18.9%	+9.0%
<i>Sales CH business</i>	8.8	n/a	n/a	n/a
Sales CI segment	279.9	+51.7%	+22.1% <sup>1)</sup>	+10.5% <sup>1)</sup>
<b>Total sales</b>	<b>3,363.9</b>	<b>+29.0%</b>	<b>+20.4%</b>	<b>+9.7%</b>
<b>Gross profit (adj.)</b>	<b>2,463.7</b>	<b>+30.6%</b>	<b>+22.7%</b>	<b>+10.8%</b>
<i>Gross margin (adj.)</i>	<i>73.2%</i>	<i>+90bps</i>	<i>+160bps</i>	
<b>OPEX (adj.)</b>	<b>1,619.2</b>	<b>+26.4%</b>	<b>+12.1%</b>	<b>+5.9%</b>
<i>OPEX in % of sales (adj.)</i>	<i>48.1%</i>	<i>-100bps</i>	<i>-340bps</i>	
<b>EBITA (adj.)</b>	<b>844.4</b>	<b>+39.3%</b>	<b>+48.2%</b>	<b>+21.8%</b>
<i>EBITA margin (adj.)</i>	<i>25.1%</i>	<i>+180bps</i>	<i>+500bps</i>	
<b>EPS (adj. in CHF)</b>	<b>10.76</b>	<b>+38.7%</b>	<b>+62.2%</b>	<b>+27.4%</b>

1) Sales in FY 2019/20 adjusted with CI Field Corrective Action

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

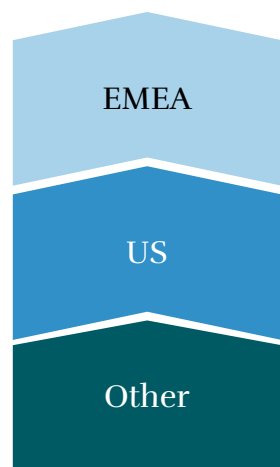
## ► Significant growth resulting in record sales – Best-in-class profitability



# Appendix

## Sales by regions and key markets

	FY 2021/22		2H 2021/22		1H 2021/22	
	CHF m	Δ % in LC	CHF m	Δ % in LC	CHF m	Δ % in LC
EMEA	1,775.9	+25.4%	945.3	+14.6%	830.6	+41.3%
USA	1,009.8	+38.6%	510.0	+16.3%	499.8	+70.3%
Americas (excl. USA)	244.6	+32.7%	127.7	+16.4%	116.9	+56.9%
Asia / Pacific	333.6	+19.4%	177.1	+16.4%	156.6	+23.2%
<b>Total Sonova</b>	<b>3,363.9</b>	<b>+29.0%</b>	<b>1,760.1</b>	<b>+15.4%</b>	<b>1,603.8</b>	<b>+48.5%</b>



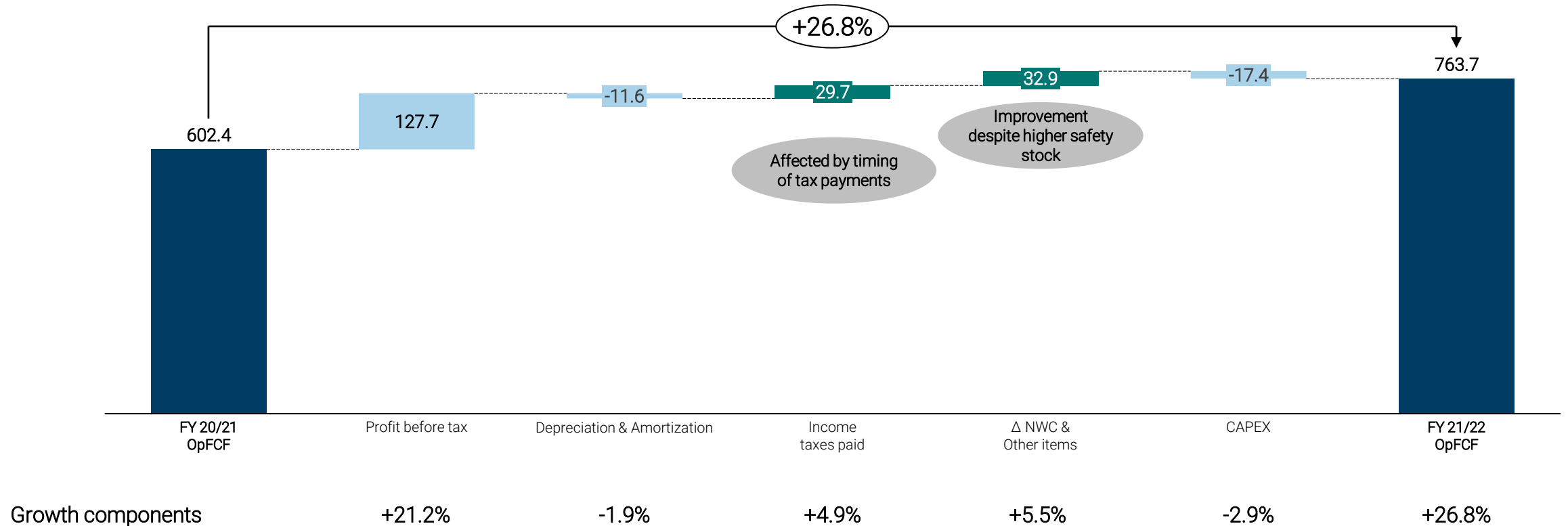
- Supported by strong recovery of the private market in the UK and by a change in the reimbursement system in FR
- Slower recovery in important markets incl. DE, BE and NL
- Strong growth driven by the success of product introductions as well as the renewal of a private label contract
- Development further aided by leading position with the VA and a strong recovery in this market segment
- Americas (excl. the US) helped by acquisitions – held back by a slower recovery in CA
- APAC development supported by a solid development in CN but affected by temporary lockdowns in AU and NZ

► **Solid recovery across all regions, led by strong growth in the United States**

# Appendix

## Sonova Group – Operating Free Cash Flow

in CHF million



► Solid OpFCF driven by profit growth and NWC improvement – Normalization of CAPEX post pandemic

# Appendix

## Cash flow statement

	FY 2021/22		FY 2020/21
	CHF m	Δ % in CHF	CHF m
<b>Income before taxes</b>	<b>728.2</b>	<b>+21.3%</b>	<b>600.4</b>
<i>Depreciation &amp; amortization</i>	211.1	-5.2%	222.7
<i>Working Capital</i>	-18.9	-54.2%	-41.3
<i>Other cash effects</i>	32.6	-14.0%	37.9
<i>Tax paid</i>	-46.7	-38.9%	-76.3
<i>Financial result</i>	34.9	+66.1%	21.0
<b>Operating Cash Flow</b>	<b>941.1</b>	<b>+23.1%</b>	<b>764.4</b>
<i>Payments for lease liabilities</i>	-67.6	-4.3%	-70.7
<i>Capex</i>	-106.6	+19.5%	-89.2
<i>Other movements in financial assets</i>	-3.2	+56.5%	-2.0
<b>Operating Free Cash Flow</b>	<b>763.7</b>	<b>+26.8%</b>	<b>602.4</b>
<i>Net M&amp;A</i>	-596.1	+1852.1%	-30.5
<b>Free Cash Flow</b>	<b>167.6</b>	<b>-70.7%</b>	<b>571.9</b>
<b>Cash flow from financing activities</b>	<b>-1,392.4</b>	<b>NM</b>	<b>676.1</b>

# Appendix

## Balance sheet

CHF m	31 Mar 2022	31 Mar 2021	Comments
Days sales outstanding (DSO)	52	56	– Continued strong receivable collection
Days inventory outstanding (DIO)	171	154	– Targeted stock increases to counter supply chain risks
Capital employed	3,439.1	2,855.7	– Higher intangibles from acquisitions
ROCE (reported)	24.1%	22.3%	– Improvement driven by strong profit growth
Net debt	1,006.3	83.3	– Increase driven by share buyback program, dividend payments and step-up in M&A
Net debt/EBITDA	1.0x	0.1x	

Note: DSO and DIO calculated on a 90 day basis

► Significant increase of ROCE driven by higher earnings – Higher leverage as a result of SBB and M&A

# Appendix

## Non-GAAP adjustments

in CHF million	FY 2021/22	Adjustments					FY 2021/22
	Reported	① Restructuring	② Strategic M&A	③ Legal	④ Other	Total	Adjusted
Sales	3,363.9	-	-	-	-	-	3,363.9
Cost of sales	-903.3	3.0	-	-	-	3.0	-900.3
Gross profit	2,460.7	3.0	-	-	-	3.0	2,463.7
<i>Research &amp; Development</i>	-230.0	0.6	-	-	-	0.6	-229.4
<i>Sales &amp; Marketing</i>	-1,095.3	4.8	0.4	-	-	5.2	-1,090.1
<i>General &amp; Administration</i>	-320.9	5.1	11.7	4.4	-	21.2	-299.8
<i>Other income/(expenses)</i>	-11.5	-	-	11.6	-	11.6	-0.0
Total OPEX	-1,657.7	10.5	12.0	16.0	-	38.5	-1,619.2
EBITA	802.9	13.5	12.0	16.0	-	41.5	844.4
EPS (in CHF)	10.42	0.18	0.17	0.26	-0.28	0.33	10.76

① **Restructuring:** costs related to additional structural optimization initiatives

② **Strategic M&A:** transaction and integration costs related to the acquisition of the Sennheiser Consumer Division and Alpaca Audiology

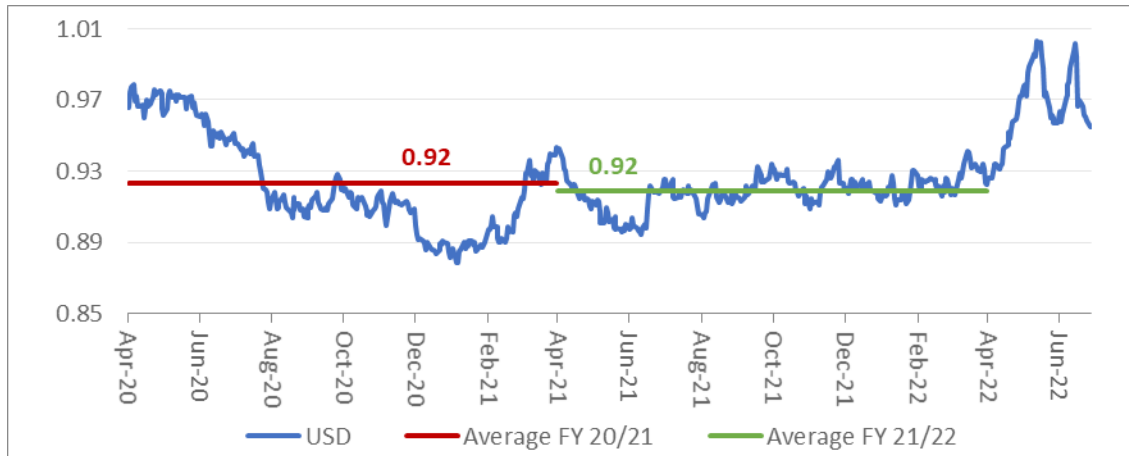
③ **Legal:** costs related to settlement agreement in principle with the DOJ and ongoing patent litigation in the CI segment

④ **Other:** positive impact from tax reforms

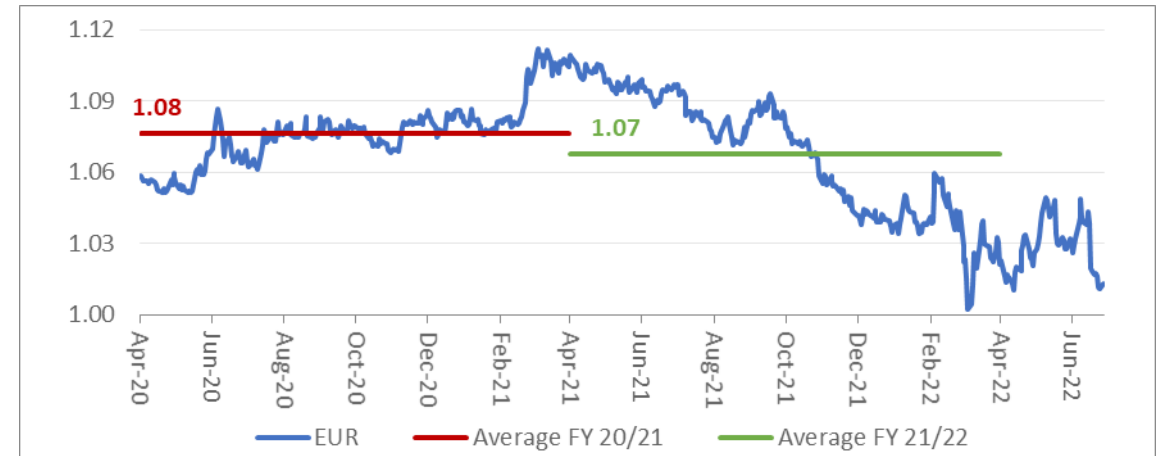
# Appendix

Sonova Group – FX impact on sales and margins

## USD/CHF



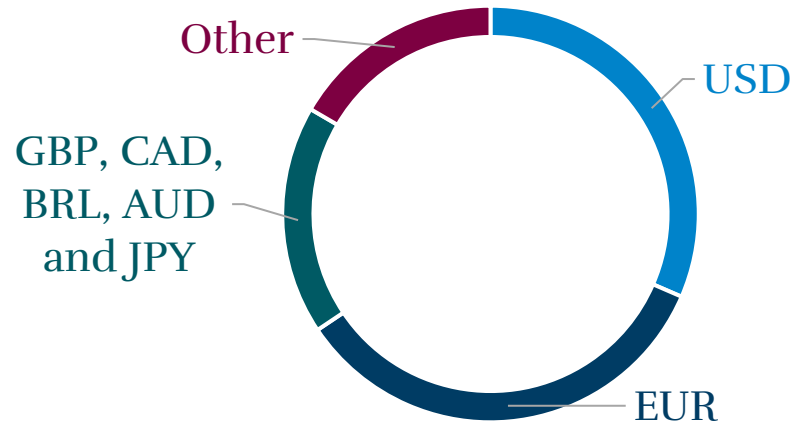
## EUR/CHF



	Rate	Sales	EBITA
USD/CHF	+/- 5%	+/- CHF 64 million	+/- CHF 20 million
EUR/CHF	+/- 5%	+/- CHF 70 million	+/- CHF 29 million

# Appendix

Sonova Group – Sales by currency and FX rates



	FY-20/21	1H-21/22	2H-21/22	FY-21/22	Effect FY-21/22	Spot Jun-2022
USD	0.92	0.91	0.92	0.92	=	0.95
EUR	1.08	1.09	1.05	1.07	-	1.01
GBP	1.21	1.27	1.24	1.26	+	1.17
CAD	0.70	0.74	0.73	0.73	+	0.74
AUD	0.66	0.69	0.67	0.68	+	0.66
BRL	0.17	0.17	0.16	0.17	=	0.18
JPY 100	0.87	0.83	0.81	0.82	-	0.71

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# Thank you

Sonova Investor Relations

