Semi-Annual Report 2024/25

Highlights & key figures First half 2024/25

Sonova Group: Sales of CHF 1,833.2 million

Consolidated sales in the first half of financial year 2024/25 reached CHF 1,833.2 million, up 5.9% in local currencies and 4.6% in Swiss francs.

Hearing Instruments segment: Sales of CHF 1,685.7 million

Sales in the Hearing Instruments segment reached CHF 1,685.7 million, an increase of 5.4% in local currencies and of 4.0% in Swiss francs. Adjusted EBITA[1] reached CHF 309.7 million, representing a margin of 18.4%.

Cochlear Implants segment: Sales of CHF 147.6 million

The Cochlear Implants segment achieved sales of CHF 147.6 million, up 12.5% in local currencies or 11.3% in Swiss francs. Adjusted EBITA[1] was CHF 15.8 million, resulting in a margin of 10.7%.

Adjusted Group EBITA margin of 17.7%

Adjusted Group EBITA[1] reached CHF 325.2 million, down 3.7% in local currencies or 7.1% in Swiss francs. The development was impacted by additional launch costs. This represents a margin of 17.7%. As reported, Group EBITA reached CHF 307.9 million, a decrease of 4.1% in local currencies.

Delivering breakthrough innovation

With Audéo Infinio and Audéo Sphere™ Infinio, Phonak introduced two new platforms in August. Sphere Infinio, features a proprietary chip that uses Artificial Intelligence to instantly separate speech from background noise. Customer response has been extremely positive, further strengthening our confidence in the outlook for the full year.

Sonova's sustainability efforts gain recognition

Sonova earned a Platinum rating from EcoVadis, placing the Group in the top 1% globally, and ranked #1 in healthcare and #18 overall in TIME Magazine's "World's Most Sustainable Companies." These recognitions reflect our ongoing commitment to sustainability.

Sonova Group key figures – First half 2024/25

April 1 to September 30, in CHF m unless otherwise specified	**2024**	**2023**	**Change in Swiss francs**	**Change in local currencies**
Sales	1,833.2	1,753.0	4.6%	5.9%
Gross profit	1,311.7	1,251.6	4.8%	6.4%
EBITA[1]	307.9	333.3	(7.6%)	(4.1%)
EBIT[1]	279.2	305.6	(8.6%)	(4.9%)
Basic earnings per share (CHF)	3.50	4.11	(14.7%)	(10.2%)
Operating free cash flow	104.2	150.5	(30.7%)	
Gross profit (adjusted)[1]	1,318.5	1,255.2	5.0%	6.6%
EBITA (adjusted)[1]	325.2	350.0	(7.1%)	(3.7%)
EBITA margin (adjusted)	17.7%	20.0%		
Basic earnings per share (CHF) (adjusted)[1]	3.74	4.34	(13.9%)	(9.6%)

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

Letter to shareholders

Sonova achieved solid sales growth despite softer-than-expected markets and competitive pressure before the launch of the new hearing aid platforms late in the reporting period. Planned additional costs – largely related to the product launches – along with continued currency headwinds affected profitability development. A key highlight was the successful launch of the Infinio and Sphere Infinio platforms, which received overwhelmingly positive customer responses. We remain confident in achieving a substantial acceleration in sales and profitability growth in the second half.

Dear shareholders,

Sonova had a good start to the year despite weaker market conditions and our products being in a late cycle stage for most of the reporting period. Momentum increased after the launch of the Phonak Infinio and Sphere Infinio hearing aid platforms in August in the U.S., expanding to major markets in September. We made substantial investments in our most ambitious launch initiatives ever, including a flagship event in the U.S. that attracted over 1,000 hearing care professionals. While the initial impact on sales in the first half was limited, the overwhelmingly positive customer response indicates a positive trajectory and increasing momentum. Infinio delivers significant enhancements over its predecessor Lumity. Additionally, Sphere Infinio features groundbreaking technology, with a proprietary new chip that uses real-time processing with artificial intelligence to instantly separate speech from noise in any direction, providing substantial benefits for consumers.

Consolidated sales reached CHF 1,833.2 million, an increase of 5.9% in local currencies. Exchange rate developments reduced reported sales by CHF 23.2 million, resulting in 4.6% growth in Swiss francs. In addition, profitability was impacted by additional costs related to the launch and the ramp-up of manufacturing for our new products, and pressure on the average selling prices (ASP) in the hearing instrument business prior to their introduction. Additionally, elevated lead generation costs in the Audiological Care business, combined with lower-than-expected growth put pressure on profitability. Adjusted for restructuring, transaction, and integration costs, operating profit before acquisition-related amortization (EBITA) reached CHF 325.2 million, down 3.7% in local currencies. Exchange rate developments reduced the adjusted EBITA by CHF 11.8 million, resulting in a decline of 7.1% in Swiss francs.

Hearing Instruments segment

Sales for the Hearing Instruments segment increased by 5.4% in local currencies, supported by a solid 7.0% growth in the Hearing Instruments business. The new Infinio and Sphere Infinio platforms received an overwhelmingly positive response from customers, leading to strong demand toward the end of the reporting period. Growth in the Audiological Care business was held back by a high prior year comparison, along with a limited pipeline of prospective customers coming into the financial year, while acquisitions had a modest positive impact. Reflecting ongoing challenges in the consumer electronics market, the Consumer Hearing business reported slightly lower sales for the first half compared to the prior year period. Overall, the business maintained its market share, with gains in the audiophile category.

Cochlear Implants segment

Sales in the Cochlear Implants segment, which operates under the Advanced Bionics brand, increased by 12.5% in local currencies, gaining market share due to the unique Remote Programming solution, effective commercial execution and supported by favorable market conditions. This growth was primarily fueled by strong system sales. The sales growth for upgrades was more subdued, as the installed base of patients seeking upgrades is declining three years after the introduction of the Marvel sound processors in 2021, as many recipients have already transitioned to the latest technology.

Outlook 2024/25

The strong market reception of the new Infinio and Sphere Infinio platforms provides a solid foundation for a substantial acceleration in sales growth in the second half, despite a slower-than-expected hearing care market. Sonova has initiated targeted cost initiatives, which are expected to drive profitability for the remainder of the financial year and going forward. Coupled with a stronger sales momentum, significantly lower launch costs, and higher ASPs, profitability is expected to grow strongly in the second half. For the 2024/25 financial year, Sonova therefore continues to expect to see a year-on-year growth of 6%–9% in consolidated sales, and of 7%–11% in adjusted EBITA, both measured at constant exchange rates.

Robert Spoerry
Chair of the Board of Directors

Arnd Kaldowski
Chief Executive Officer

Financial review

In the first half of financial year 2024/25, Sonova generated sales of CHF 1,833.2 million, up 5.9% in local currencies and 4.6% in Swiss francs. Adjusted Group EBITA reached CHF 325.2 million, down 3.7% in local currencies and 7.1% in Swiss francs, representing a margin of 17.7%.

Solid sales start to the year – Strong reception of new products

Sonova Group sales reached CHF 1,833.2 million in the first half of financial year 2024/25, an increase of 5.9% in local currencies and 4.6% in Swiss francs. This represents a solid development, especially given a somewhat weaker-than-expected hearing care market, and competitive pressure leading up to the launch of the new hearing aid platforms. Although the new Infinio and Sphere Infinio platforms had a limited impact on sales, the market response was overwhelmingly positive, contributing to growth in the final weeks of the reporting period. In summary, the Group achieved organic sales growth of 4.5% in local currencies. Acquisitions during the reporting period, along with the full-year effect of previous acquisitions, contributed 1.4% to overall sales growth. Exchange rate fluctuations negatively impacted reported sales, reducing them by CHF 23.2 million or 1.3%.

Growth across all regions despite weaker-than-expected market in Europe

Sales in Europe, Middle East and Africa (EMEA) increased by 4.5% in local currencies. Growth was adversely affected by weaker-than-expected market conditions in Germany, France and the UK private market. This was partially offset by market share gains following the launch of the new platforms in the final weeks of the reporting period, as well as by bolt-on acquisitions, mainly in Germany.

In the United States, sales rose by 7.1% in local currency. As expected, the commercial market segment slowed in the first half of the 2024/25 financial year. Growth was driven by share gains in the commercial segment and the positive market reaction to the platform launches after the flagship launch event in early August. Sonova maintained its leading position with the US Department of Veterans Affairs (VA), although this market segment experienced a slight sales decline.

Sales in the rest of the Americas (excluding the US) were up 11.5% in local currencies. Growth was fueled by strong developments in both Canada and Brazil, partly due to the further expansion of the store network in the Audiological Care business through bolt-on acquisitions.

Sales in the Asia Pacific (APAC) region rose by 5.5% in local currencies. Strong growth was achieved in Australia, in part from bolt-on acquisitions. A sluggish hearing aid market in China impacted the performance of the Hearing Instruments and Audiological Care business, while both the Cochlear Implants and Consumer Hearing business achieved robust double-digit growth.

Sales by regions

April 1 to September 30, in CHF m	2024			2023	
	Sales	Share	Growth in local currencies	Sales	Share
EMEA	913.5	50%	4.5%	881.6	51%
USA	562.8	31%	7.1%	530.7	30%
Americas (excl. USA)	135.7	7%	11.5%	126.5	7%
Asia/Pacific	221.1	12%	5.5%	214.2	12%
Total sales	**1,833.2**	**100%**	**5.9%**	**1,753.0**	**100%**

Sonova Group key figures

April 1 to September 30, in CHF m unless otherwise specified	2024	2023	Change in Swiss francs	Change in local currencies
Sales	1,833.2	1,753.0	4.6%	5.9%
Gross profit	1,311.7	1,251.6	4.8%	6.4%
EBITA[1)]	307.9	333.3	(7.6%)	(4.1%)
EBIT[1)]	279.2	305.6	(8.6%)	(4.9%)
Basic earnings per share (CHF)	3.50	4.11	(14.7%)	(10.2%)
Operating free cash flow	104.2	150.5	(30.7%)	
Gross profit (adjusted)[1)]	1,318.5	1,255.2	5.0%	6.6%
EBITA (adjusted)[1)]	325.2	350.0	(7.1%)	(3.7%)
EBITA margin (adjusted)	17.7%	20.0%		
Basic earnings per share (CHF) (adjusted)[1)]	3.74	4.34	(13.9%)	(9.6%)

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

Temporary factors and currency headwinds impacting profitability

As a result of continued structural optimization initiatives, including the build-up of a new operations facility in Mexico, the Group incurred restructuring costs of CHF 14.2 million (1H 2023/24: CHF 10.2 million). Transaction and integration costs related to acquisitions amounted to CHF 3.1 million (1H 2023/24: CHF 6.5 million).

Adjusted figures and growth rates in this financial review exclude the items in the foregoing paragraph. 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 1,311.7 million. Adjusted gross profit was CHF 1,318.5 million, an increase of 6.6% in local currencies and 5.0% in Swiss francs. The development was supported by higher volume in the Hearing Instruments business as well as lower costs of components. It was held back by pressure on the average selling prices (ASP) leading up to the launch of the new platforms and costs related to the ramp up of manufacturing. As a result, the adjusted gross profit margin reached 71.9%, up by 0.3 percentage points in Swiss francs or 0.5 percentage points in local currencies.

Excluding acquisition-related amortization, reported operating expenses were CHF 1,003.8 million (1H 2023/24: CHF 918.3 million). Adjusted operating expenses before acquisition-related amortization rose by 10.6% in local currencies or by 9.7% in Swiss francs to CHF 993.4 million (1H 2023/24: CHF 905.2 million). The cost increase is related to substantial investments in the launch of the new hearing aid platforms, elevated lead generation costs combined with lower-than-expected growth in the Audiological Care business as well as labor cost inflation. Adjusted research and development (R&D) expenses before acquisition-related amortization reached CHF 113.4 million, a stable development in local currencies, following the successful completion of two parallel platform developments.

Adjusted sales and marketing costs before acquisition-related amortization increased by 12.5% in local currencies to CHF 696.8 million or 38.0% of sales (1H 2023/24: 35.7%). This exceeded the sales development, primarily driven by significant launch investments, elevated lead generation costs, and acquisitions. Adjusted general and administration costs before acquisition-related amortization increased by 12.7% in local currencies, reaching CHF 183.2 million or 10.0% of sales (1H 2023/24: 9.3%). Nearly half of the increase was due to higher IT investments and costs related to the positive share price development on equity-linked compensation instruments. Adjusted other expenses were zero (1H 2023/24: CHF 0.5 million).

Sales by business – Hearing Instruments segment

April 1 to September 30, in CHF m	2024			2023	
	Sales	Share	Growth in local currencies	Sales	Share
Hearing Instruments business	868.2	52%	7.0%	824.5	51%
Audiological Care business	700.8	42%	4.6%	675.5	42%
Consumer Hearing business	116.7	7%	(1.7%)	120.3	7%
Total Hearing Instruments segment	**1,685.7**	**100%**	**5.4%**	**1,620.3**	**100%**

Adjusted operating profit before acquisition-related amortization (EBITA) reached CHF 325.2 million (1H 2023/24: CHF 350.0 million), reflecting a decrease of 3.7% in local currencies and 7.1% in Swiss francs. The adjusted EBITA margin was 17.7%, down 2.3 percentage points in Swiss francs and 1.8 percentage points in local currencies compared to the same period last year. The strong headwind from exchange rate developments reduced adjusted EBITA by CHF 11.8 million and the margin by 0.4 percentage points. Reported EBITA fell by 4.1% in local currencies or 7.6% in Swiss francs, totaling CHF 307.9 million (1H 2023/24: CHF 333.3 million). Acquisition-related amortization was CHF 28.8 million (1H 2023/24: CHF 27.8 million).

Reported operating profit (EBIT) amounted to CHF 279.2 million (1H 2023/24: CHF 305.6 million), down 4.9% in local currencies or 8.6% in Swiss francs. Net financial expenses, including the result from associates, rose from CHF 11.9 million in the prior year period to CHF 20.8 million, reflecting the impact of the positive share price development on equity-linked compensation instruments, increased hedging costs, and certain non-recurring benefits in the prior year period. Income taxes amounted to CHF 46.6 million, impacted by the partial implementation of the OECD global minimum tax laws in Switzerland from 2024 onwards. Basic earnings per share (EPS) reached CHF 3.50, down 10.2% in local currencies and 14.7% in Swiss francs. Adjusted EPS decreased by 9.6% in local currencies and 13.9% in Swiss francs to CHF 3.74, compared to CHF 4.34 in the prior year period.

Hearing Instruments segment – Sound start to the year and successful product launches

Sales in the Hearing Instruments segment totaled CHF 1,685.7 million, reflecting an increase of 5.4% in local currencies and 4.0% in Swiss francs compared to the prior year period. The development was tempered by softer-than-expected market growth and competitive pressure leading up to the launch of the new hearing aid platforms. Organic sales growth was 3.9% while acquisitions contributed an additional 1.5%, equating to CHF 24.0 million. Exchange rate fluctuations reduced reported sales by CHF 21.5 million, or 1.3% in Swiss francs.

The Hearing Instruments business achieved sales of CHF 868.2 million, up 7.0% in local currencies. Strong unit growth was partly offset by pressure on average selling prices (ASP) prior to the introduction of the new products. A key highlight was the launch of the Phonak Audéo Infinio and Audéo Sphere Infinio hearing aid families in August in the U.S. and expanding to major markets in September. While the new products contributed only modestly to sales in the first half, customer response was very positive, resulting in significant market share gains in major markets in the final weeks of the reporting period.

The Audiological Care business reported sales of CHF 700.8 million, representing an increase of 4.6% in local currencies. Organic growth reached 1.1%. This was held back by a high prior year comparison, lower demand – particularly in Europe – and a modest pipeline of prospective customers coming into the financial year. Convincing customers to visit the hearing care clinic and make a purchase decision continues to be a challenge, resulting in elevated lead generation costs. Acquisitions (including the full-year effect of prior year acquisitions) lifted sales by 3.5%.

Sales in Consumer Hearing business were down 1.7% in local currencies to CHF 116.7 million, reflecting ongoing challenges in the consumer electronics market. Overall, the business maintained its market share, with gains in the audiophile category. A key contributor to sales was the premium product line MOMENTUM 4, which includes Bluetooth headbands and the new true wireless earbuds.

Reported EBITA for the Hearing Instruments segment was CHF 296.5 million, down 5.0% in local currencies. Adjusted EBITA fell by 4.9% in local currencies to CHF 309.7 million, corresponding to a margin of 18.4% (1H 2023/24: 20.8%). Profitability was affected by adverse currency developments and exceptional factors related to the product launch. Additionally, elevated lead generation costs in the Audiological Care business, combined with lower-than-expected growth weighed on profitability. Excluding the adverse currency development, the adjusted EBITA margin fell by 2.0 percentage points compared to the prior year period.

Sales by product group – Cochlear Implants segment

April 1 to September 30, in CHF m			2024		2023
	Sales	Share	Growth in local currencies	Sales	Share
Cochlear implant systems	104.5	71%	18.2%	89.3	67%
Upgrades and accessories	43.1	29%	0.8%	43.4	33%
Total Cochlear Implants segment	**147.6**	**100%**	**12.5%**	**132.6**	**100%**

Cochlear Implants segment – Strong system sales driving market share gains

Sales in the Cochlear Implants segment amounted to CHF 147.6 million, reflecting an increase of 12.5% in local currencies and 11.3% in Swiss francs versus the prior year period. This growth was primarily fueled by strong system sales, which rose by 18.2% in local currencies, indicating market share gains. The segment's performance was bolstered by a healthy overall market, supported by Advanced Bionics' recently launched Remote Programming solution as well as by effective commercial execution. Sales of upgrades and accessories increased by 0.8% in local currencies. The lower growth in upgrades can be attributed to a decline in the recipients seeking upgrades, three years following the introduction of the Marvel sound processors in 2021.

Reported EBITA for the Cochlear Implants segment reached CHF 11.8 million. The adjusted EBITA reached CHF 15.8 million (1H 2023/24: CHF 12.7 million), representing a margin of 10.7% (1H 2023/24: 9.5%). Adverse shifts in the geographic sales mix weighed on the gross margin, which was more than offset by strict control of operating costs.

Cash flow and balance sheet

Cash flow from operating activities totaled CHF 215.1 million (1H 2023/24: CHF 252.8 million). The decline was primarily driven by lower income before taxes, partly due to adverse currency developments. Cash outflow from changes in net working capital was stable, impacted by the build-up of inventories in connection with the launch of the new platforms, which was partially compensated by benefits from improved payment terms. Coupled with higher capital expenditures, mainly due to a more linear phasing compared to last year, operating free cash flow reached CHF 104.2 million (1H 2023/24: CHF 150.5 million).

Cash consideration for acquisitions amounted to CHF 52.5 million (1H 2023/24: CHF 59.9 million), reflecting the further expansion of the audiological care network through bolt-on acquisitions, mainly in Australia and Canada. In summary, this resulted in a free cash flow of CHF 51.7 million (1H 2023/24: CHF 90.6 million). The cash outflow from financing activities of CHF 330.9 million mainly reflects the dividend payment of CHF 256.2 million.

Cash and cash equivalents stood at CHF 266.3 million compared to CHF 513.6 million at the end of the 2023/24 financial year. Net working capital rose to CHF 225.7 million, compared to CHF 93.2 million at the end of the 2023/24 financial year, reflecting higher inventory related to the recent launches, lower provisions for warranty and repair related to improved product reliability, as well as seasonal effects. Capital employed remained largely stable at CHF 3,883.0 million compared to CHF 3,850.9 million at the end of the 2023/24 financial year. The Group's equity of CHF 2,309.7 million represents an equity ratio of 42.3%, slightly down from 43.0% at end of the 2023/24 financial year. This was mainly driven by dividend payments and negative currency effects. The net debt position increased to CHF 1,573.2 million compared to CHF 1,359.5 million at the end of the 2023/24 financial year. The net debt/EBITDA ratio reached 1.8x, unchanged compared to September 2023 but up from 1.5x at the end of the 2023/24 financial year.

Outlook 2024/25

The strong market reception of the new Infinio and Sphere Infinio platforms provides a solid foundation for a substantial acceleration in sales growth in the second half, despite a slower-than-expected hearing care market. Sonova has initiated targeted cost initiatives, which are expected to drive profitability for the remainder of the financial year and going forward. Coupled with a stronger sales momentum, significantly lower launch costs, and higher ASPs, profitability is expected to grow strongly in the second half. For the 2024/25 financial year, Sonova therefore continues to expect to see a year-on-year growth of 6%–9% in consolidated sales, and of 7%–11% in adjusted EBITA, both measured at constant exchange rates.

Reconciliation of non-GAAP financial measures

April 1 to September 30, CHF million						2024
	Income statement as reported	Acquisition related amortization	**Income statement EBITA separation**	Restructuring costs	Transaction and integration costs	**Income statement adjusted**
Sales	**1,833.2**		**1,833.2**			**1,833.2**
Cost of sales	(521.6)		(521.6)	6.8		(514.7)
Gross profit	**1,311.7**		**1,311.7**	**6.8**		**1,318.5**
Research and development	(114.1)	0.8	(113.4)			(113.4)
Sales and marketing	(725.8)	28.0	(697.8)	1.0	(0.0)	(696.8)
General and administration	(192.5)		(192.5)	6.3	3.1	(183.2)
Other income/(expenses), net	(0.0)		(0.0)			(0.0)
Operating profit before acquisition-related amortization (EBITA)[1]			**307.9**	**14.2**	**3.1**	**325.2**
Acquisition-related amortization		(28.8)	(28.8)			(28.8)
Operating profit (EBIT)[2]	**279.2**		**279.2**	**14.2**	**3.1**	**296.4**
Basic earnings per share (CHF)	**3.50**		**3.50**	**0.19**	**0.04**	**3.74**

April 1 to September 30, CHF million						2023
	Income statement as reported	Acquisition related amortization	**Income statement EBITA separation**	Restructuring costs	Transaction and integration costs	**Income statement adjusted**
Sales	**1,753.0**		**1,753.0**			**1,753.0**
Cost of sales	(501.3)		(501.3)	3.6		(497.8)
Gross profit	**1,251.6**		**1,251.6**	**3.6**		**1,255.2**
Research and development	(117.8)	0.8	(117.0)	1.5		(115.6)
Sales and marketing	(658.5)	27.0	(631.5)	2.8	3.4	(625.3)
General and administration	(169.3)		(169.3)	2.4	3.1	(163.8)
Other income/(expenses), net	(0.5)		(0.5)			(0.5)
Operating profit before acquisition-related amortization (EBITA)[1]			**333.3**	**10.2**	**6.5**	**350.0**
Acquisition-related amortization		(27.8)	(27.8)			(27.8)
Operating profit (EBIT)[2]	**305.6**		**305.6**	**10.2**	**6.5**	**322.3**
Basic earnings per share (CHF)	**4.11**		**4.11**	**0.15**	**0.09**	**4.34**

[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	2024	2023
Sales	**1,833.2**	**1,753.0**
change compared to previous year (%)	4.6	(5.1)
Gross profit	**1,311.7**	**1,251.6**
in % of sales	71.5	71.4
Gross profit (adjusted)[1)]	**1,318.5**	**1,255.2**
in % of sales (adjusted)	71.9	71.6
Research & development costs	**113.4**	**117.0**
in % of sales	6.2	6.7
Sales & marketing costs	**697.8**	**631.5**
in % of sales	38.1	36.0
Operating profit before acquisition-related amortization (EBITA)	**307.9**	**333.3**
in % of sales	16.8	19.0
Operating profit before acquisition-related amortization (EBITA) (adjusted)[1)]	**325.2**	**350.0**
in % of sales (adjusted)	17.7	20.0
Operating profit (EBIT)	**279.2**	**305.6**
in % of sales	15.2	17.4
Income after taxes	**211.7**	**249.6**
in % of sales	11.5	14.2
Income after taxes (adjusted)[1)]	**225.9**	**263.8**
in % of sales (adjusted)	12.3	15.1
Basic earnings per share (CHF)	**3.50**	**4.11**
Basic earnings per share (CHF) (adjusted)[1)]	**3.74**	**4.34**
Net debt[2)]	**1,573.2**	**1,672.3**
Net working capital[3)]	225.7	207.6
Capital expenditure (tangible and intangible assets)[4)]	70.2	53.1
Capital employed[5)]	3,883.0	3,802.9
Total assets	5,456.0	5,387.4
Equity	2,309.7	2,130.6
Equity financing ratio (%)[6)]	42.3	39.5
Free cash flow[7)]	51.7	90.6
Operating free cash flow[8)]	**104.2**	**150.5**
Number of employees (end of period)	**18,554**	**17,636**

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, 2024

Consolidated income statement

April 1 to September 30, in CHF million	2024	2023
Sales	**1,833.2**	**1,753.0**
Cost of sales	(521.6)	(501.3)
Gross profit	**1,311.7**	**1,251.6**
Research and development[1]	(114.1)	(117.8)
Sales and marketing[1]	(725.8)	(658.5)
General and administration	(192.5)	(169.3)
Other expenses	(0.0)	(0.5)
Operating profit (EBIT)[2]	**279.2**	**305.6**
Financial income	4.2	7.6
Financial expenses	(27.9)	(21.9)
Share of profit/(loss) in associates/joint ventures, net	2.9	2.4
Income before taxes	**258.3**	**293.7**
Income taxes	(46.6)	(44.1)
Income after taxes	**211.7**	**249.6**
Attributable to:		
Equity holders of the parent	208.6	244.9
Non-controlling interests	3.1	4.7
Basic earnings per share (CHF)	3.50	4.11
Diluted earnings per share (CHF)	3.49	4.09

[1] Includes acquisition-related amortization of CHF 0.8 million (previous year: CHF 0.8 million) in "Research and development" and CHF 28.0 million (previous year: CHF 27.0 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 307.9 million (previous year: CHF 333.3 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	2024	2023
Income after taxes	**211.7**	**249.6**
Other comprehensive income		
Actuarial gain/(loss) from defined benefit plans, net	4.9	(1.5)
Tax effect on actuarial result from defined benefit plans, net	(0.8)	0.3
Total items not to be reclassified to income statement in subsequent periods	**4.2**	**(1.3)**
Currency translation differences	(124.3)	(73.2)
Tax effect on currency translation items	4.8	2.9
Total items that may be reclassified to income statement in subsequent periods	**(119.4)**	**(70.3)**
Other comprehensive income, net of tax	**(115.3)**	**(71.6)**
Total comprehensive income	**96.5**	**178.0**
Attributable to:		
Equity holders of the parent	93.5	173.4
Non-controlling interests	3.0	4.6

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

Consolidated balance sheet

Assets CHF million	**30.9.2024**	**31.3.2024**	**30.9.2023**
Cash and cash equivalents	266.3	513.6	250.6
Other current financial assets	12.6	10.7	12.5
Trade receivables	538.6	538.3	545.7
Current income tax receivables	7.3	6.3	6.3
Inventories	459.8	435.6	419.8
Other current operating assets	160.5	148.0	154.9
Total current assets	**1,445.0**	**1,652.4**	**1,389.7**
Property, plant and equipment	376.0	380.2	373.1
Right-of-use assets	244.2	269.6	259.4
Intangible assets and goodwill	2,946.6	3,038.6	3,009.3
Investments in associates/joint ventures	20.6	19.2	19.8
Other non-current financial assets	61.2	60.6	59.5
Other non-current operating assets	7.2	6.6	5.8
Retirement benefit asset	21.7	16.8	
Deferred tax assets	333.3	347.8	270.8
Total non-current assets	**4,011.0**	**4,139.4**	**3,997.7**
Total assets	**5,456.0**	**5,791.8**	**5,387.4**

Liabilities and equity CHF million	**30.9.2024**	**31.3.2024**	**30.9.2023**
Current financial liabilities	175.8	18.8	75.8
Current lease liabilities	70.1	74.3	67.7
Trade payables	178.2	202.4	148.9
Current income tax liabilities	204.1	211.0	178.6
Short-term contract liabilities	117.8	123.6	118.4
Other short-term operating liabilities	343.8	379.6	342.6
Short-term provisions	107.2	128.3	141.4
Total current liabilities	**1,197.1**	**1,137.9**	**1,073.4**
Non-current financial liabilities	1,412.0	1,576.1	1,580.8
Non-current lease liabilities	183.5	204.8	200.2
Long-term provisions	67.1	80.5	94.2
Long-term contract liabilities	143.7	158.0	175.3
Retirement benefit obligation	14.6	13.9	13.2
Deferred tax liabilities	128.3	129.4	119.6
Total non-current liabilities	**1,949.2**	**2,162.5**	**2,183.3**
Total liabilities	**3,146.2**	**3,300.4**	**3,256.8**
Share capital	3.0	3.0	3.0
Treasury shares	(9.0)	(3.8)	(0.3)
Retained earnings and reserves	2,296.2	2,471.2	2,107.6
Equity attributable to equity holders of the parent	**2,290.2**	**2,470.4**	**2,110.4**
Non-controlling interests	19.6	20.9	20.3
Equity	**2,309.7**	**2,491.3**	**2,130.6**
Total liabilities and equity	**5,456.0**	**5,791.8**	**5,387.4**

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

Consolidated cash flow statement

April 1 to September 30, in CHF million		2024		2023
Income before taxes		**258.3**		**293.7**
Depreciation, amortization and impairment of tangible and intangible assets and right-of-use assets	120.4		121.3	
Loss on sale of tangible and intangible assets, net	0.3		0.4	
Share of (profit)/loss in associates/joint ventures, net	(2.9)		(2.4)	
Decrease in long-term provisions and long-term contract liabilities	(18.0)		(1.2)	
Financial (income)/expenses, net excl. cash flow from management of foreign currencies and exchange (gains)/losses	11.2		7.1	
Share based payments	11.1		11.6	
Other non-cash items	17.5		(5.2)	
Income taxes paid	(49.2)	90.4	(45.6)	86.0
Cash flow before changes in net working capital		**348.8**		**379.7**
Increase in trade receivables	(21.5)		(31.5)	
Increase in other receivables and prepaid expenses	(21.7)		(20.4)	
Increase in inventories	(31.2)		(3.6)	
Decrease in trade payables	(19.2)		(41.6)	
Decrease in other payables, accruals, short-term provisions and short-term contract liabilities	(40.1)	(133.7)	(29.9)	(127.0)
Cash flow from operating activities		**215.1**		**252.8**
Purchase of tangible and intangible assets	(70.5)		(53.1)	
Proceeds from sale of tangible and intangible assets	0.5		0.2	
Cash consideration for acquisitions, net of cash acquired	(52.5)		(59.9)	
Payments for other financial assets	(11.8)		(20.3)	
Repayments of other financial assets	7.5		10.1	
Interest received	1.5		1.7	
Cash flow from investing activities		**(125.4)**		**(121.3)**
Proceeds from borrowings			50.0	
Repayment of borrowings	(1.0)			
Repayment of lease liabilities	(34.9)		(37.6)	
Sale of treasury shares	11.1		8.3	
Purchase of treasury shares	(39.7)		(27.3)	
Dividends paid by Sonova Holding AG	(256.2)		(274.1)	
Dividends to non-controlling interests	(4.3)		(3.3)	
Interest paid	(5.9)		(6.2)	
Cash flow from financing activities		**(330.9)**		**(290.3)**
Exchange losses on cash and cash equivalents		(6.2)		(4.6)
Decrease in cash and cash equivalents		**(247.3)**		**(163.3)**
Cash and cash equivalents as of April 1		513.6		413.9
Cash and cash equivalents as of September 30		**266.3**		**250.6**

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, 2023	**3.1**	**3,176.6**	**(538.2)**	**(429.0)**	**18.9**	**2,231.4**
Income for the period		244.9			4.7	249.6
Actuarial (loss)/gain from defined benefit plans, net		(1.5)				(1.5)
Tax effect on actuarial result		0.3				0.3
Currency translation differences			(73.1)		(0.1)	(73.2)
Tax effect on currency translation			2.9			2.9
Total comprehensive income		**243.6**	**(70.2)**		**4.6**	**178.0**
Capital decrease – share buyback program	(0.1)	(421.4)		421.5		0.0
Share-based payments		(1.2)		18.1		16.9
Sale of treasury shares[1]		(7.5)		16.4		9.0
Purchase of treasury shares				(27.3)		(27.3)
Dividend paid		(274.1)			(3.3)	(277.4)
Balance September 30, 2023	**3.0**	**2,716.1**	**(608.4)**	**(0.3)**	**20.3**	**2,130.6**
Balance April 1, 2024	**3.0**	**3,082.9**	**(611.7)**	**(3.8)**	**20.9**	**2,491.3**
Income for the period		208.6			3.1	211.7
Actuarial (loss)/gain from defined benefit plans, net		4.9				4.9
Tax effect on actuarial result		(0.8)				(0.8)
Currency translation differences			(124.2)		(0.1)	(124.3)
Tax effect on currency translation			4.8			4.8
Total comprehensive income		**212.8**	**(119.3)**		**3.0**	**96.5**
Share-based payments		(3.2)		13.5		10.3
Sale of treasury shares[1]		(9.1)		20.9		11.8
Purchase of treasury shares				(39.7)		(39.7)
Dividend paid		(256.2)			(4.3)	(260.5)
Balance September 30, 2024	**3.0**	**3,027.2**	**(731.0)**	**(9.0)**	**19.6**	**2,309.7**

[1] In relation to long-term equity incentive plans.

Notes to the interim consolidated financial statements as of September 30, 2024

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 interim 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, 2024. These financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting” and should be read in conjunction with the annual consolidated financial statements for the year that ended March 31, 2024. The interim consolidated financial statements were approved for issue by the Board of Directors on November 13, 2024.

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, 2024, the actuarial valuations for the primary pension plans were updated. For the Swiss pension plans the discount rate was decreased from 1.30% as per March 31, 2024 to 1.10%.

Income tax expense is recognized based upon the best estimate of the average annual income tax rate expected for the full year. The Group’s effective tax rate increased to 18% (first half of financial year 2023/24: 15%), which was mainly driven by the Pillar Two top-up taxes that are effective from April 1, 2024 in several countries where the Group operates. This includes, but is not limited to, the Qualified Domestic Minimum Top-up Tax (QDMTT) enacted by Switzerland.

3. Changes in accounting policies

Except for the revised IFRS Accounting Standards and interpretations and amendments, the Group consistently applied the same accounting policies as in the annual consolidated financial statements for the financial year that ended March 31, 2024.

A number of minor amendments to existing standards and interpretations were effective from April 1, 2024 without having a significant impact on the Group’s result and financial position. The Group has not early adopted any standard, interpretation, or amendment issued but not yet effective.

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			2024
	Income statement as reported	Acquisition related amortization	**Income statement EBITA separation**
Sales	**1,833.2**		**1,833.2**
Cost of sales	(521.6)		(521.6)
Gross profit	**1,311.7**		**1,311.7**
Research and development	(114.1)	0.8	(113.4)
Sales and marketing	(725.8)	28.0	(697.8)
General and administration	(192.5)		(192.5)
Other income/(expenses), net	(0.0)		(0.0)
Operating profit before acquisition-related amortization (EBITA)[1]			**307.9**
Acquisition-related amortization		(28.8)	(28.8)
Operating profit (EBIT)[2]	**279.2**		**279.2**

April 1 to September 30, CHF million			2023
	Income statement as reported	Acquisition related amortization	**Income statement EBITA separation**
Sales	**1,753.0**		**1,753.0**
Cost of sales	(501.3)		(501.3)
Gross profit	**1,251.6**		**1,251.6**
Research and development	(117.8)	0.8	(117.0)
Sales and marketing	(658.5)	27.0	(631.5)
General and administration	(169.3)		(169.3)
Other income/(expenses), net	(0.5)		(0.5)
Operating profit before acquisition-related amortization (EBITA)[1]			**333.3**
Acquisition-related amortization		(27.8)	(27.8)
Operating profit (EBIT)[2]	**305.6**		**305.6**

[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

Restructuring costs

The Group's result for the first half of the financial year 2024/25 includes restructuring costs in connection with structural optimization initiatives in the amount of CHF 14.2 million (thereof CHF 6.8 million in cost of sales, CHF 1.0 million in sales and marketing and CHF 6.3 million in general and administration). Restructuring costs are included in short-term provisions in the balance sheet. The Group expects the cash outflows to occur within the next 12 months. In the first half of the financial year 2023/24 restructuring costs amounted to CHF 10.2 million (thereof CHF 3.6 million in cost of sales, CHF 1.5 million in research and development, CHF 2.8 million in sales and marketing and CHF 2.4 million in general and administration).

6. Changes in Group structure

During the first half of financial year 2024/25 and 2023/24 several small businesses were acquired in EMEA, USA, Americas (excl. USA) and Asia/Pacific.

All of these companies acquired are in the business of 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 the acquisitions are as follows:

CHF million	2024	2023
	Total	Total
Cash and cash equivalents	2.3	4.2
Trade receivables	1.4	0.7
Other current operating assets	1.3	0.9
Total current assets	**5.0**	**5.8**
Property, plant and equipment	1.3	1.0
Right-of-use assets	0.5	2.7
Intangible assets	17.8	17.1
Deferred tax assets	0.6	1.5
Total non-current assets	**20.2**	**22.3**
Current lease liabilities	(0.1)	(0.8)
Trade payables	(0.5)	(1.3)
Other short-term operating liabilities	(3.1)	(3.8)
Total current liabilities	**(3.7)**	**(5.9)**
Non-current lease liabilities	(0.4)	(1.9)
Other long-term operating liabilities	(0.3)	(0.1)
Deferred tax liabilities	(4.4)	(3.9)
Total non-current liabilities	**(5.0)**	**(5.9)**
Net assets	**16.4**	**16.2**
Goodwill	37.7	41.6
Purchase consideration	**54.2**	**57.9**
Liabilities for contingent considerations and deferred payments[1]	(3.9)	(6.5)
Cash and cash equivalents acquired	(2.3)	(4.2)
Cash outflow for contingent considerations and deferred payments	4.6	12.7
Cash consideration for acquisitions, net of cash acquired	**52.5**	**59.9**

[1] Contingent considerations (earn-out payments) are dependent on the future performance of the acquired companies as well as contractual conditions. The liability for contingent considerations is measured at fair value based on the latest estimate of the future performance.

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. There were no material adjustments to provisionally reported values for acquisitions in the prior year for which acquisition accounting has now been finalized.

Liabilities for contingent considerations amount to CHF 2.1 million and deferred payments amount to CHF 1.8 million. These liabilities are expected to be settled within one to five years. 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. For the majority of the acquired businesses recognized goodwill is not expected to be deductible for income tax purposes.

Acquisition-related intangible assets in the amount of CHF 17.7 million for the acquisitions in the current financial year relate to customer relationships. The assigned lifetime range is between 10 and 15 years. On these intangibles deferred taxes have been considered.

Acquisition-related transaction costs in the amount of CHF 0.8 million (prior year period: CHF 0.5 million) have been expensed and are included in the line "General and administration".

April 1 to September 30, CHF million	2024	2023
	Total	Total
Contribution of acquired companies from date of acquisition		
Sales	10.1	4.0
Net income	0.4	0.9
Contribution, if the acquisitions had occurred on April 1		
Sales	11.8	9.3
Net income	0.6	2.1

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 2024/25 and 2023/24 is as follows:

CHF million	2024	2023	2024	2023	2024	2023	2024	2023
	Hearing Instruments		Cochlear Implants		Corporate/ Eliminations		Total	Total
Segment sales	1,689.9	1,625.5	149.8	134.9			1,839.7	1,760.4
Intersegment sales	(4.2)	(5.1)	(2.2)	(2.3)			(6.4)	(7.4)
Sales	**1,685.7**	**1,620.3**	**147.6**	**132.6**			**1,833.2**	**1,753.0**
Timing of revenue recognition								
At point in time	1,609.0	1,567.5	143.0	127.9			1,752.1	1,695.4
Over time	76.6	52.8	4.6	4.8			81.2	57.6
Total sales	**1,685.7**	**1,620.3**	**147.6**	**132.6**			**1,833.2**	**1,753.0**
Operating profit before acquisition-related amortization (EBITA)	**296.5**	**323.9**	**11.8**	**9.7**	**(0.4)**	**(0.2)**	**307.9**	**333.3**
Depreciation and amortization	(107.7)	(106.3)	(12.8)	(15.1)			(120.4)	(121.3)
Segment assets	**5,031.5**	**5,013.4**	**543.1**	**582.5**	**(738.8)**	**(749.6)**	**4,835.9**	**4,846.2**
Unallocated assets[1]							620.1	541.1
Total assets							**5,456.0**	**5,387.4**

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

Reconciliation of reportable segment profit CHF million	2024	2023
EBITA	307.9	333.3
Acquisition-related amortization	(28.8)	(27.8)
Financial costs, net	(23.7)	(14.3)
Share of profit/(loss) in associates/joint ventures, net	2.9	2.4
Income before taxes	**258.3**	**293.7**

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	2024	2023
Income after taxes (CHF million)	208.6	244.9
Weighted average number of outstanding shares	59,591,051	59,652,269
Basic earnings per share (CHF)	**3.50**	**4.11**

In the case of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming all outstanding dilutive awards from share participation plans will be exercised. For the option plans, the weighted average number of shares is adjusted for all dilutive options issued under the stock option plans which have been granted in 2018 through to 2024 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	2024	2023
Income after taxes (CHF million)	208.6	244.9
Weighted average number of outstanding shares	59,591,051	59,652,269
Adjustment for dilutive share awards	180,989	155,282
Adjusted weighted average number of outstanding shares	59,772,040	59,807,551
Diluted earnings per share (CHF)	**3.49**	**4.09**

9. Contingent assets and liabilities

Lawsuits and disputes

On October 4, 2018, MED-EL Elektronische Geräte GmbH and MED-EL Corporation, US (together, “MED-EL”) filed a complaint against Advanced Bionics LLC (“AB”) in the US District Court for the District of Delaware for alleged patent infringement of two MED-EL patents related to AB’s Ultra 3D product. In response, AB filed counterclaims alleging patent infringement by MED-EL of various AB patents. After years of litigation, in February 2023, the US district court granted summary judgment of non-infringement of the asserted MED-EL patents, effectively ending MED-EL’s district court case – and any threat of damages or injunction – subject to appeal. In December 2023, Advanced Bionics won its counterclaim suit against MED-EL for two AB patents. The jury awarded AB USD 1.4 million, subject to increases for interest and the jury’s finding of wilful infringement. In October 2024, the court issued a ruling on the post-trial motions: (1) upholding the jury’s findings of infringement, wilful infringement, and damages; and (2) granting AB supplemental damages through patent expiration, as well as pre- and post-judgment interest. All of these court rulings from 2023 and 2024 are subject to appeal.

In a related case brought by MED-EL in Germany, the Regional Court of Mannheim reached in March 2022 a first instance judgment which included an injunction enforced later by MED-EL. AB appealed that first instance judgement and after the European Patent Office substantially limited MED-EL’s asserted European patent, the Higher Regional Court of Karlsruhe stopped MED-EL’s enforcement of the injunction until its final decision. MED-EL asserted a second patent in the Higher Regional Court of Karlsruhe—and this second patent was recently narrowed by the European Patent Office to have similar scope as the first, in a decision in September 2024—and both of these patents will now proceed to a decision expected to be received sometime in 2025. In further related proceedings in the Netherlands, AB’s non-infringement of MED-EL’s narrowed European patent has also been confirmed by the first instance court and is now under appeal by MED-EL. In the UK, the UK part of one of MED-EL’s patents was invalidated by the High Court in June 2022, and this decision was upheld by the Court of Appeal in May 2023. MED-EL has since surrendered two further patents in the UK, thus abandoning the legal basis for further offensive action against AB in the UK.

In the newly formed Unified Patent Court, AB proactively filed a revocation action against a divisional patent of MED-EL in September 2023. In response, MED-EL filed an infringement action against AB based on that divisional patent. These cases are pending. A revocation hearing assessing the validity of the patent in the UPC will be heard at the end of October 2024, and a hearing regarding infringement issues will be held in January 2025.

AB believes that the complaints in Germany and the UPC are without merits and continues to strongly defend its position.

10. Financial liabilities

As of September 30, 2024, the Group has the following bonds/US Private Placement outstanding:

Financial liabilities	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	200	1.95%	December 12, 2030
Fixed-rate bond	CHF	250	1.40%	February 19, 2032
Fixed-rate bond	CHF	100	0.40%	October 11, 2034

In April 2024, the Group replaced the existing credit facility in the amount of CHF 250 million with a new facility amounting to CHF 400 million and an option to increase to CHF 500 million. The new agreement is valid until April 2027, with options to extend by additional two years. As of September 30, 2024, the Group did not make us of this facility.

11. Financial instruments

Financial instruments measured at fair value are allocated to one of the following three hierarchical levels:

Level 1:
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

Level 2:
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques are based on observable market data, where applicable. If all significant inputs required to value an instrument are observable, the instrument is included in level 2.

Level 3:
If a significant amount of inputs is not based on observable market data, the instrument is included in level 3. For this level, other techniques, such as discounted cash flow analysis, are used to determine fair value.

During the reporting period, there were no reclassifications between the individual levels.

Financial liabilities at fair value through profit or loss mainly consist of contingent consideration arrangements arising from business combinations. The fair values are determined by considering the possible scenarios of the future performance of the acquired companies, contractual obligations and milestone achievements, the amount to be paid under each scenario and the probability of each scenario. The significant unobservable inputs are the forecast sales and other performance criteria. As at September 30, 2024 and 2023, the maximum potential payments under contingent considerations do not differ significantly from the amounts provided.

Contingent considerations include a license agreement for the Sennheiser brand for which a liability was recognized for the expected future licensing payments. As of September 30, 2024 the fair value of the license liability amounts to CHF 50.1 million (March 31, 2024: 53.7 million). The valuation model remained unchanged compared to March 31, 2024. Significant unobservable inputs were updated based on the latest strategic plan. For the calculation a licensing fee of 2.5% for the first 8 years, 1.3% for the subsequent years and a discount rate of 3.0% was used. The gain on the fair value change of the financial liability of CHF 1.1 million (first half of financial year 2023/24: CHF 2.3 million) is considered in the income statement in line "Financial income".

The following table summarizes the financial instruments of the Group and the valuation method for financial instruments at fair value through profit and loss.

CHF million					30.9.2024
	Carrying amount	Fair value[1]	Level 1	Level 2	Level 3
Financial assets at amortized cost					
Cash and cash equivalents	266.3				
Other financial assets	68.1				
Trade receivables	538.6				
Total	**873.0**				
Financial assets at fair value through profit or loss					
Other financial assets	5.7	5.7	2.1	1.7	1.9
Total	**5.7**	**5.7**	**2.1**	**1.7**	**1.9**
Financial liabilities at amortized cost					
Bank debt	0.2				
Bonds/US Private Placement	1,511.5	1,506.7	1,354.8	151.9	
Deferred payments	3.0				
Other financial liabilities	0.0				
Trade payables	177.3				
Total	**1,692.0**	**1,506.7**	**1,354.8**	**151.9**	
Financial liabilities at fair value through profit or loss					
Contingent considerations	65.9	65.9			65.9
Negative replacement value of forward foreign exchange contracts	1.1	1.1		1.1	
Total	**67.0**	**67.0**		**1.1**	**65.9**

[1] For financial assets and financial liabilities measured at amortized cost, fair value information is not provided if the carrying amount is a reasonable approximation of fair value.

CHF million					**31.3.2024**
	Carrying amount	Fair value[1]	Level 1	Level 2	Level 3
Financial assets at amortized cost					
Cash and cash equivalents	513.6				
Other financial assets	66.5				
Trade receivables	538.3				
Total	**1,118.4**				
Financial assets at fair value through profit or loss					
Other financial assets	4.7	4.7	2.2	0.6	1.9
Total	**4.7**	**4.7**	**2.2**	**0.6**	**1.9**
Financial liabilities at amortized cost					
Bank debt	0.2				
Bonds/US Private Placement	1,515.3	1,490.9	1,328.5	162.3	
Deferred payments	1.7				
Other financial liabilities	0.0				
Trade payables	202.4				
Total	**1,719.6**	**1,490.9**	**1,328.5**	**162.3**	
Financial liabilities at fair value through profit or loss					
Contingent considerations	71.4	71.4			71.4
Negative replacement value of forward foreign exchange contracts	1.3	1.3		1.3	
Total	**72.6**	**72.6**		**1.3**	**71.4**

[1] For financial assets and financial liabilities measured at amortized cost, fair value information is not provided if the carrying amount is a reasonable approximation of fair value.

The following table presents changes in level 3 financial instruments for the period ended September 30, 2024 and 2023:

Financial assets at fair value through profit or loss CHF million	**2024**	**2023**
	Total	Total
Balance April 1	1.9	1.9
(Disposals)/additions, net	(0.1)	(0.0)
Gains/(losses) recognized in profit or loss	0.1	0.0
Balance September 30	**1.9**	**1.9**

Financial liabilities at fair value through profit or loss CHF million	**2024**	**2023**
	Total	Total
Balance April 1	71.4	85.9
Changes through business combinations	2.1	6.4
Cash outflow for contingent considerations	(4.3)	(11.5)
(Gains)/losses recognized in profit or loss	(1.2)	(2.3)
Exchange differences	(2.1)	(2.8)
Balance September 30	**65.9**	**75.7**

12. Movements in share capital

The Annual General Shareholders' Meeting of June 11, 2024 declared a gross dividend of CHF 4.30 per registered share for the financial year 2023/24. The dividend was paid in June 2024 to all shares outstanding, excluding treasury shares.

Issued registered shares	Issued registered shares	Treasury shares[1]	Outstanding shares
Balance April 1, 2023	61,159,719	(1,566,263)	59,593,456
Purchase of treasury shares		(110,000)	(110,000)
Sale/transfer of treasury shares		142,291	142,291
Cancellation of treasury shares[2]	(1,532,910)	1,532,910	
Balance September 30, 2023	**59,626,809**	**(1,062)**	**59,625,747**
Balance April 1, 2024	59,626,809	(13,587)	59,613,222
Purchase of treasury shares		(135,100)	(135,100)
Sale/transfer of treasury shares		119,301	119,301
Balance September 30, 2024	**59,626,809**	**(29,386)**	**59,597,423**

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 12, 2023, approved the proposed cancellation of 1,532,910 treasury shares, resulting in a reduction of share capital of 76,645.50 Swiss francs, retained earnings and other reserves of CHF 421.4 million offset by changes in treasury shares of CHF 421.5 million. This cancellation was executed on September 8, 2023.

13. Events after balance sheet date

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

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