W U T I S

Equity Research Division

Sonova AG

Leading hearing aid manufacturer

Target Price: CHF 318.04

Current Price: CHF 251.10

Upside Potential: +26.66%

Recommendation: BUY

Vienna, 18th June 2025

Team Overview

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- Task Distribution

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Agenda

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Agenda

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Investment Thesis

Sonova presents an attractive investment case supported by innovation, market tailwinds, and robust financials

Key investment highlights

1. **Innovation Leadership**
Sonova leads the hearing aid industry with on-device AI (DEEPSONIC), proprietary platforms (Sphere Infinio), and unmatched R&D intensity.

2. **Market Tailwinds**
An aging population, growing hearing loss, and low global penetration (esp. emerging markets) ensure long-term demand growth.

3. **Tariff Resilience:**
Sonova's medical device classification shields it from direct tariffs, while its diversified supply chain reduces exposure to geopolitical and cost shocks.

4. **Cash Generator:**
Sonova's high margins and solid free cash flow support ongoing innovation and strategic acquisitions, ensuring strong financial flexibility.

5. **Execution Risk:**
Delivering on ambitious innovation and global M&A requires precise execution - any missteps could undermine growth and erode competitive advantage.

6. **FX Risk:**
With significant sales in the U.S. and emerging markets, Sonova faces earnings pressure from a strong Swiss franc, impacting margins.

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Share Price Performance

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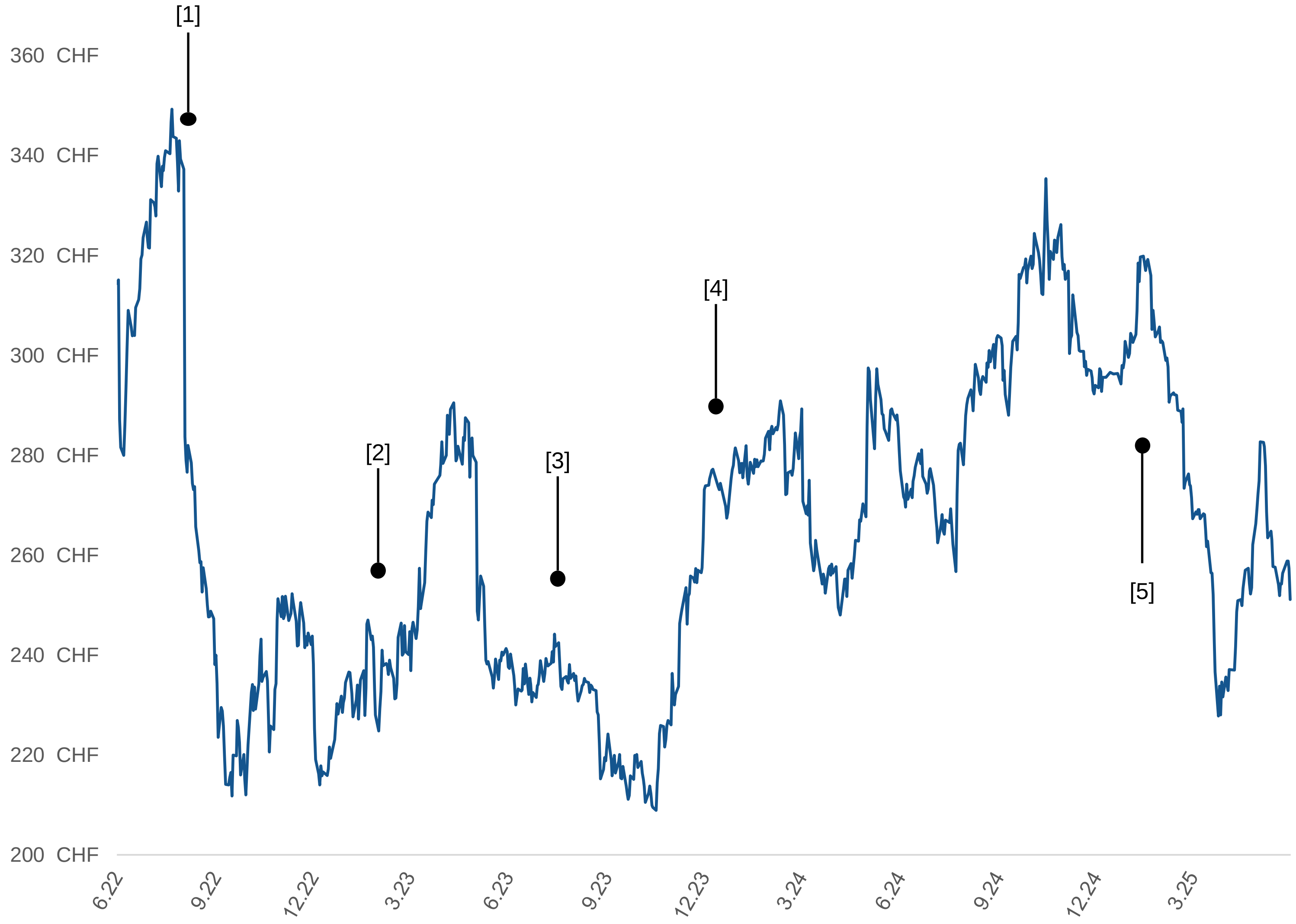
Sonova's share price volatility is driven by market forecasts, its cochlear implant division, and product launches



Major Events

- [1] April 2022 (-24.1%) – Sonova issued a profit warning due to weaker U.S. market demand and lost contract with a large U.S. retailer
- [2] February 2023 (+12.3%) – Market reacted positively to cost-control efforts and reaffirmed LT growth targets
- [3] August 2023 (-11.4%) – Guidance lowered again, citing slow market recovery and cost inflation, which disappointed investors
- [4] January 2024 (+26%) – Strong rebound from strong holiday sales and consumer hearing growth
- [5] February 2025 (-17.2%) – Sonova cut its outlook due to weak U.S. sales, raising investors concerns over margin pressure

Key Stats

- IPO: April 23, 2009
- Market capitalization: 16.73 B (CHF)
- 52-week range: 337.20/ 222.40 (CHF)
- Ticker: SOON SW

Sources: Yahoo Finance

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Sonova AG

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Company Overview

Company Overview

Global leader in enabling better hearing for millions worldwide

Company Description

Sonova Holding AG manufactures and sells **hearing care solutions** for children and adults. It operates through the segments, **Hearing Instruments, Cochlear Implants, Consumer Hearing, and Audiological Care.** The company was formerly known as Phonak Holding AG and changed its name to Sonova Holding AG in August 2007.

Headquarters	**Established**	**Employees**	**Patents**
Stäfa, Switzerland	1947	18.150	>1.800

Management Team

Arnd Kaldowski
CEO since 2017

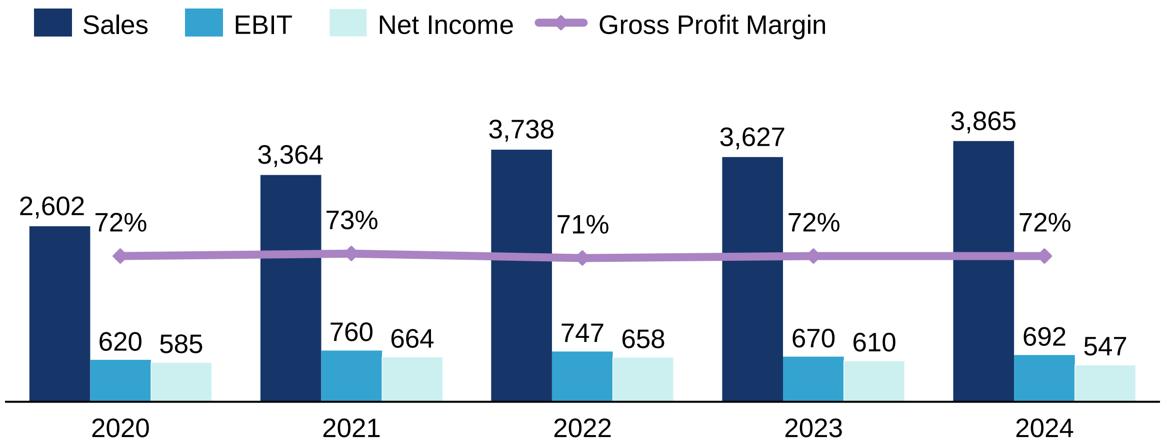
Birgit Conix
CFO since 2021

Eric Bernard
CEO by Oct 2025

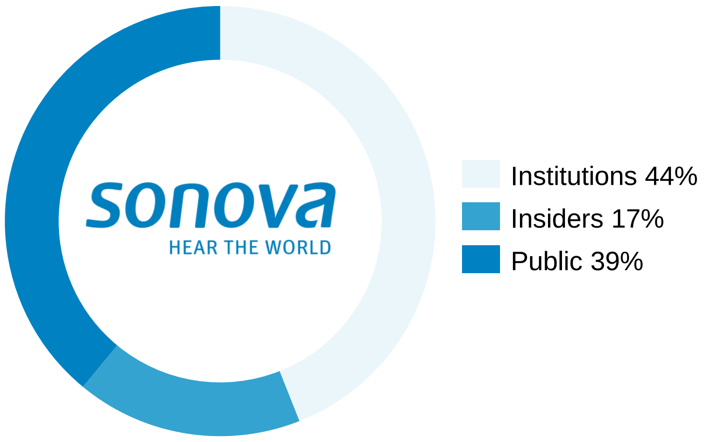
Elodie Cingari
CFO by July 2025

The new CEO, Eric Bernard, brings proven industry expertise and leadership experience from his tenure at WS Audiology and Essilor.

Financials (in EUR mn)



Shareholder Structure



Family Diethelm-Pandiani 11,3%
Family of Hans-Ulrich Rihs 6,2%
BlackRock, Inc. 5,1%
MFS Investment Management 3%
UBS Fund Management AG 3%

Source: Company Filings, Capital IQ, Team Research

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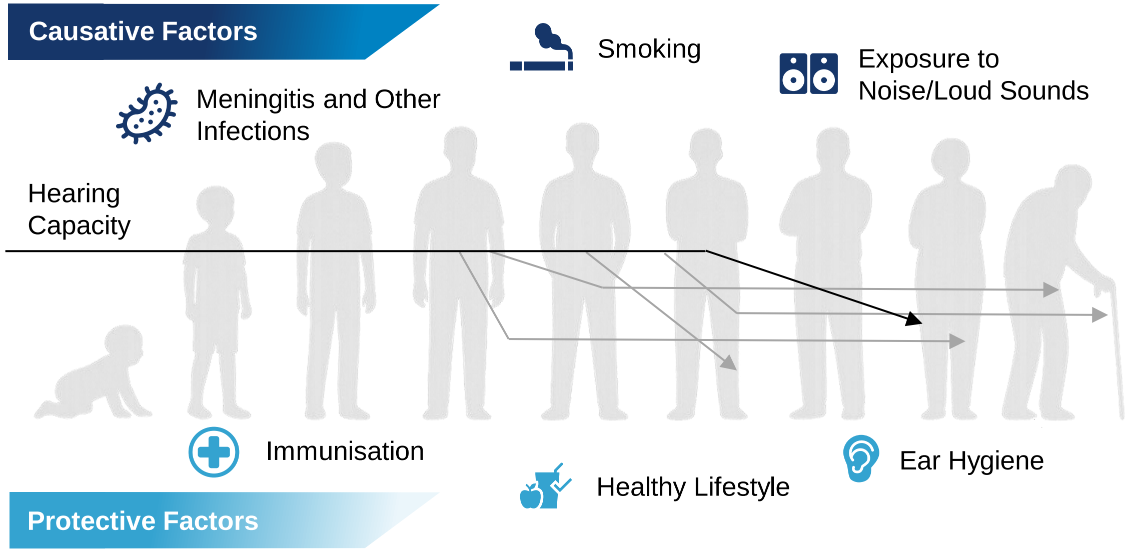
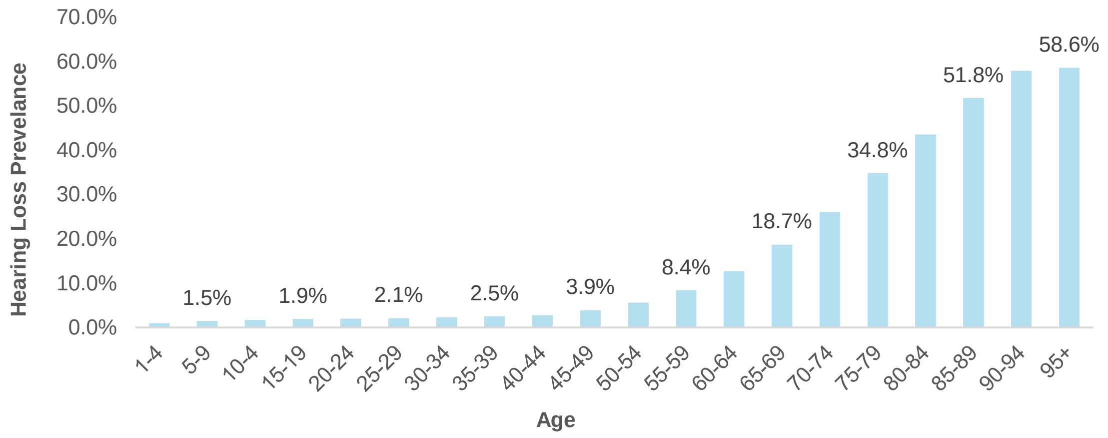
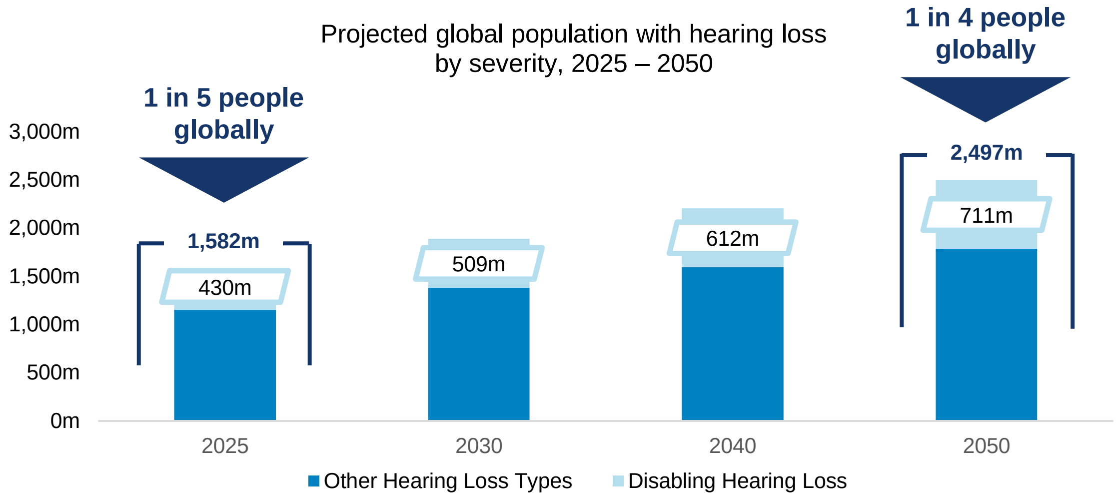
Healthcare Report

HealthCare Report I

Aging population as the catalyst behind the accelerating rise in global hearing loss







Global economic drain – Unaddressed hearing loss costs the world ≈ **US $980 billion** every year in health-care, special-education and lost productivity

Lower workforce earnings – Workers with untreated hearing loss are twice as likely to be unemployed and earn about 25 % less

Cognitive-health burden – Mid-life hearing loss is the largest single modifiable risk factor for dementia, contributing roughly 9 % of global cases

Social and mental-health toll – Communication barriers fuel isolation and depression, increasing overall healthcare use

Hearing loss has the potential for adverse effects at all stages of life, while still being more common for elderly people. If left unchecked, the aging boom **will catapult global hearing-loss cases** from 1.6 billion to 2.5 billion by 2050, draining over US $1 trillion annually and crippling communication worldwide.

Sources: WHO, Hearing Health Foundation, Team research

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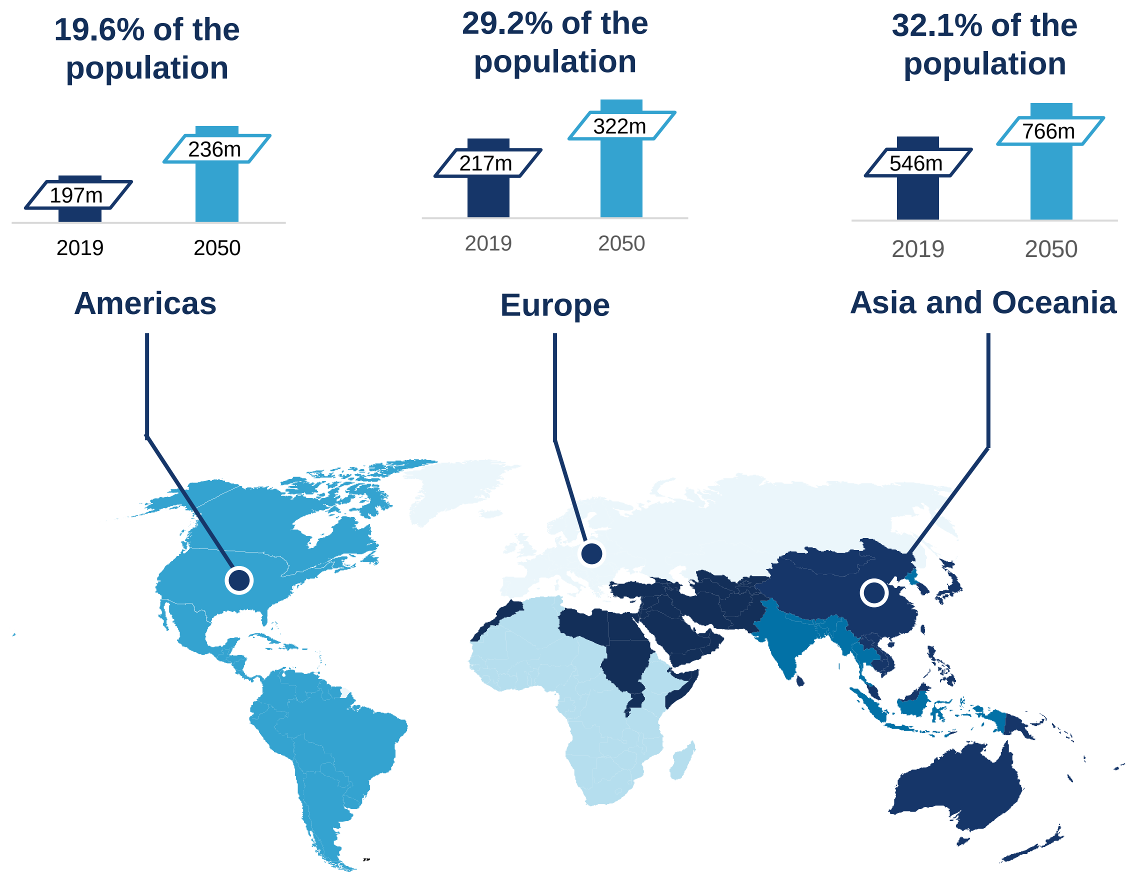
HealthCare Report II

The world faces a hearing crisis - recognize the scale and respond with life-changing solutions

Geographical Distribution of Hearing Loss

Hearing loss is already affecting nearly **one-third of the population** in regions like Asia and Oceania



Hearing Loss by Type

Type	Hearing Threshold	Hearing Experience	Recommended Solution
Normal Hearing	Less than 20 dB	Complete hearing experience	No amplification needed
Mild Hearing Loss	20 to <35 dB	Trouble hearing soft sounds or speech in noise	Enhanced Hearing Devices
Moderate Hearing Loss	35 to < 50 dB	Difficulty hearing regular conversation	Hearing Instruments
Severe Hearing Loss	50 to < 80 dB	Cannot hear conversation without amplification	Hearing Instruments / Cochlear Implants
Profound Hearing Loss	80 to < 95 dB	Very limited hearing; may only hear loud sounds	Cochlear Implants
Total Hearing Loss	95 dB or greater	No usable hearing	Cochlear Implants

As hearing loss progresses, it profoundly impacts daily communication - **making advanced solutions** like hearing instruments or cochlear implants **essential**

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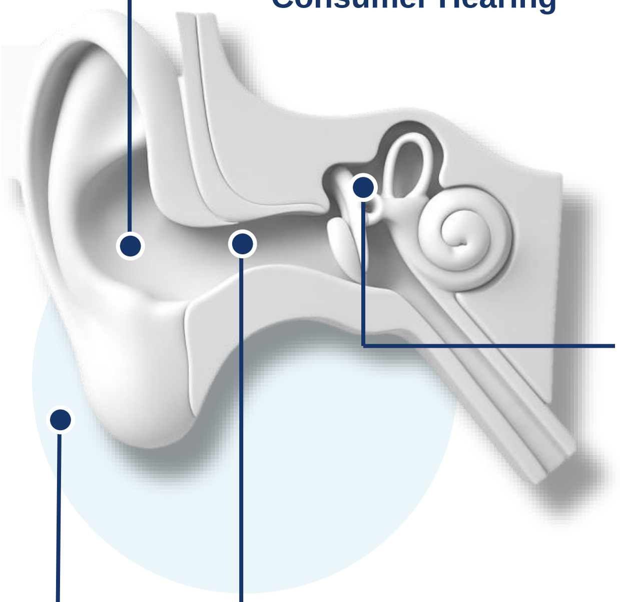
Business Model Overview

Business Model Overview I – Product Portfolio

Sonova is the only company to provide solutions for all types of hearing loss



Consumer Hearing

- Wireless Headphones
- Enhanced Hearing

Cochlear Implants

- Cochlear Implant Systems
- Sound Processors

Hearing Instruments

- Receiver-In-Canal
- Behind-The-Ear
- In-The-Ear

Audiological Care

- Individual Diagnostics
- After care and hearing aid maintenance services

None — *Need for Amplification* — High

Premium & Audiophile **Headphones**	**Enhanced Hearing** (incl. OTC)	Traditional **Hearing Instruments**	**Cochlear Implants**
6.5% of Sales		47.1% of Sales	7.9% of Sales
Normal Hearing	**Mild → moderate sensorineural loss**	**Moderate → severe loss**	**Severe → profound loss**

Consumer Device — *Focus* — **Medical Device**

SENNHEISER | PHONAK | HANSATON | unitron | ADVANCED BIONICS

Audiological Care - via own clinic network — 38.5% of Sales

750+ clinics in Germany	400+ clinics in the US	200+ clinics in China	**And 2300+ clinics in 17 other markets**
Geers	AudioNova	AudioNova 海之声	

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Business Model Overview II – Value Chain

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Sonova has an integrated value chain with distinct competitive advantages in R&D and retail distribution

Value Chain

Phases	R&D / Platform Innovation	Supply Chain	Manufacturing	Retail Distribution	Consumer Engagement
Specification	▪ **Infinio Platform** (ERA + DEEPSONIC AI) most prominent platform ▪ Most R&D research in headquarters (Stäfa, Switzerland)	▪ **Diversified Global Sourcing**: No single country accounts for > 26% of sourcing ▪ Supplier facilities are spread across **over 20 countries**	▪ Scale manufacturing in **Asia and Americas** ▪ Advanced Engineering in **Europe**	▪ **3,600+ Retail Stores** ▪ AudioNova (Europe) ▪ Connect Hearing (U.S., Canada, Australia) ▪ HYSOUND (China) ▪ Alpaca Audiology (U.S.)	▪ myPhonak App ▪ myUnitron App ▪ Sennheiser Smart Control App ▪ Advanced Bionics "myAB" Platform

R&D/Platform Innovation

- Sonova reinvests **~7% of revenue in R&D** - higher than most of its peers (Demant, GN, WS Audiology)
- **Internal platform model** allows rapid cross-brand tech rollout and economies of scale
- Proprietary chipsets (**PRISM™, ERA) and on-device AI (DEEPSONIC™)** create clinical differentiation
- **Strong feedback loop via global clinic network** improves product-market fit and speeds innovation
- Safeguards innovation through a robust IP portfolio with **over 1,800 active patents**, reinforcing **competitive edge**

Retail Distribution

- **3,600+ owned stores worldwide** - 2nd only to Amplifon, providing **direct access to end-consumers**
- **Older generation** enjoys going to physical stores because it offers a sense of social connection, personal service, and the ability to see and touch products
- Owned clinics serve as **direct customer acquisition engines** while generating **unique behavioural data**
- Retail strategy supports **recurring revenue (battery sales, upgrades) and customer retention**
- **Strong pricing power** and ability to upsell premium services and connectivity features

Source: Company Filings, Company Website, Bloomberg

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Business Model Overview III – AI Innovation

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Sonova's integrated chip – platform – product design sets a new standard in hearing innovation

Innovation lead through AI

Chips - the Core Enabler

Sphere Infinio leverages **two specialized chips** to power its AI capabilities:

- **DEEPSONIC AI Chip:** employing deep natural networks for real-time processing
- **ERA:** Manages overall device functions, including power efficiency and Bluetooth Connectivity

Platform Technologies

- **Sphere Infinio**, Sonova's proprietary AI-powered platform, analyses soundscape and user environment to **personalize** the listening experience
- **Creates a lasting innovation lead** by enabling faster deployment of AI features **across brands** and form factors

AI in the Product

- **Phonak Audéo™**, powered by Sphere Infinio, processes **53 times more data than previous technologies, outperforming competitors**
- **Deep learning** to optimize speech understanding in **noisy environments**

Usercases

One-on-one in background noise: The AI isolates a single speaker's voice even in noisy environments like cafés or streets

Over a distance: Speech from farther away (e.g., across a room or podium) is detected and intelligently amplified

Group conversation and background noise: Deep neural networks allow clear multi-speaker tracking in social or work-related group settings

Watching TV: Connects directly to TV audio or enhances sound clarity to match visual cues without lag

In quiet environments: The system reduces amplification and prioritizes natural, low-effort listening

Automatic and personalized: The device learns user preferences and adjusts in real-time without manual input

Sources: Team Research, Company Website

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Business Model Overview IV - Strategy

Sonova is leveraging all cash acquisitions to grow, diversify, and strengthen its global footprint

Sonova's Strategy Overview

R&D Platform Innovation

Continous Innovation in R&D to keep innovative edge

Platforms are reused across different products – maximizing ROI

Expansion in Retail and Clinics

Direct-to-consumer footprint through owned clinics

3,600+ owned stores worldwide to ensure access to end-consumers

Consumer Audio Diversification

Diversifying and expanding beyond traditional hearing aids

Reduces stigma of hearing aids (consumer branding)

Recent Mergers and Acquisitions Activity

2021 – SENNHEISER

2022 – alpaca audiology

2023 – 華天达图 HYSOUND GROUP

	Price	Country	Industry	Strategic rationale
Sennheiser	**CHF 190 mn**	Germany	Consumer Hearing	Entry into the **consumer audio market**, expanding beyond traditional hearing aids
Alpaca Audiology	**CHF 285 mn**	USA	Audiological Care	US retail expansion strengthens Audiological Care, ensuring **vertical integration** and patient control
Hysound Group	Not Disclosed	China	Audiological Care	Chinese expansion **adds 200+ Hysound clinics**, leveraging aging trend and regulatory expertise

Through a series of **fully cash-funded acquisitions**, including Sennheiser, Alpaca, and Hysound, Sonova is systematically broadening its portfolio, deepening vertical integration, and accelerating global market coverage to **cement leadership across both developed and high-growth regions**.

Sources: Company Filings, Team Research

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Market Overview

Market Overview I – Macrotrends & Industry Growth Rates

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Future trends fueling accelerated growth across hearing industry segments

Industry Drivers

Aging Global Population - As the global population ages, hearing loss is becoming more common. Longer life expectancy means more people will need hearing support for a longer part of their lives.

Low Market Penetration & Significant Latent Demand - Despite strong need, adoption remains limited—only 25–40% in developed markets and under 10% in emerging economies. In low-income countries, lowest access rates: 1 in 45.

Social Stigma & Design-Driven Adoption - Stigma around hearing aids still limits adoption, especially among younger users. But demand for discreet, modern designs is changing perceptions and making devices more appealing.

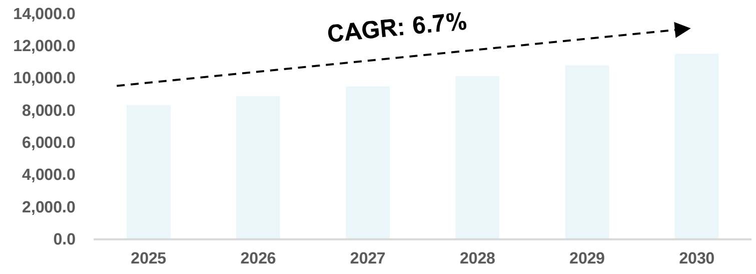
Rising Awareness & Policy - Public understanding of the impact of hearing loss is growing. Early screening programs, awareness campaigns, and expanding insurance coverage are helping more people access hearing care.

Technology Innovation & Smart Features - AI-based real-time personalization, speech clarity improvement, wireless/Bluetooth connectivity, MRI-safe designs, smart health tracking

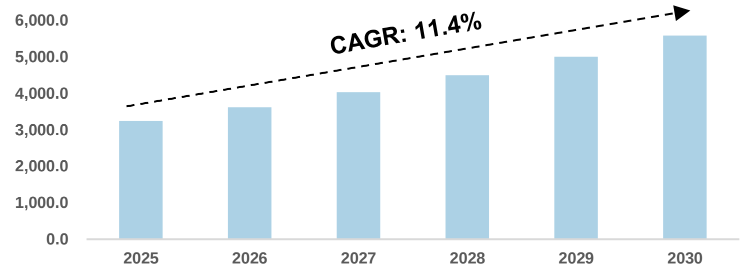
Minimal Tariff Exposure - Hearing instruments face limited exposure to global tariffs and trade barriers, benefiting from favorable treatment as essential health devices. This supports global scalability and supply chain stability

Segment Industry Global Market Size in USD mn

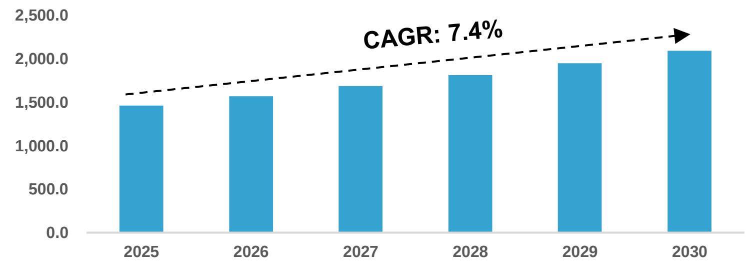
Hearing Aid



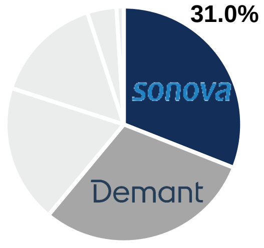
Cochlear Implants



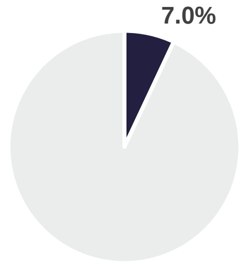
Consumer Hearing



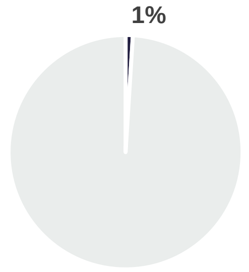
Market Share



Market Position: #1



Market Position: #2



Market Position: NV

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Market Overview II – Tariff effects

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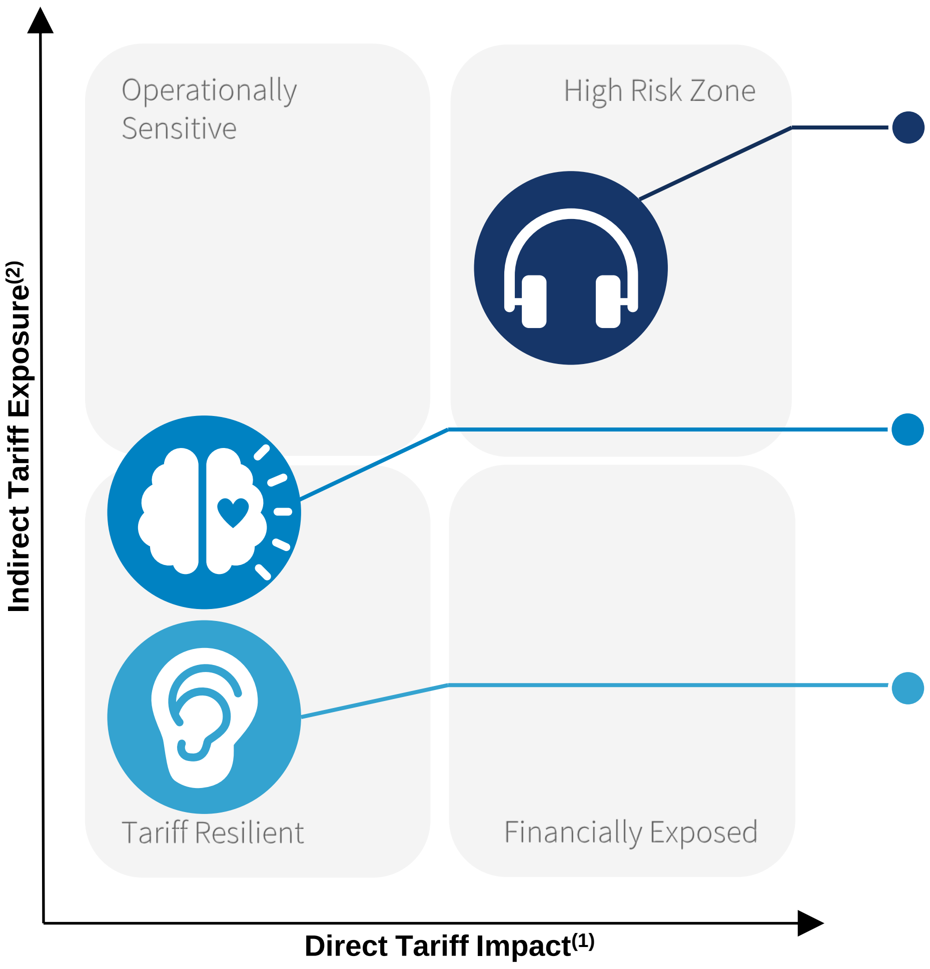
Limited tariff exposure supports margin stability in the hearing healthcare industry

Tariff Exposure Matrix



Industry deep dive

Consumer Hearing Devices

Direct Impact: *High*
- Products like OTC hearing aids, PSAPs, and wireless hearing accessories often classified as electronics; highly exposed to tariffs

Indirect Impact: *High*
- Price-sensitive category; limited pass-through ability and margin compression risk

Cochlear Implants

Direct Tariff Impact: *Low*
- Classified under medical device codes that are not subject to direct tariffs**;** some components (e.g. electronics, casings) exposed to tariffs

Indirect Tariff Impact: *Medium*
- More **margin-sensitive** due to complex device architecture and higher component value

Prescription Hearing Aids

Direct Tariff Impact: *Low*
- Classified as medical devices, enter tariff-free and remain excluded from China-related tariffs.

Indirect Tariff Impact: *Low*
- Essential products with stable insurance coverage and low-price sensitivity.

▶ Sonova is structurally insulated from tariff volatility, with core products exempt from direct duties and a globally diversified supply chain mitigating indirect risk

(1) Direct Tarif f Impact: Whether a product or its components are directly hit by import duties
(2) Indirect Tariff Exposure: Broader business effects — like margin pressure, pricing challenges, or supply disruptions

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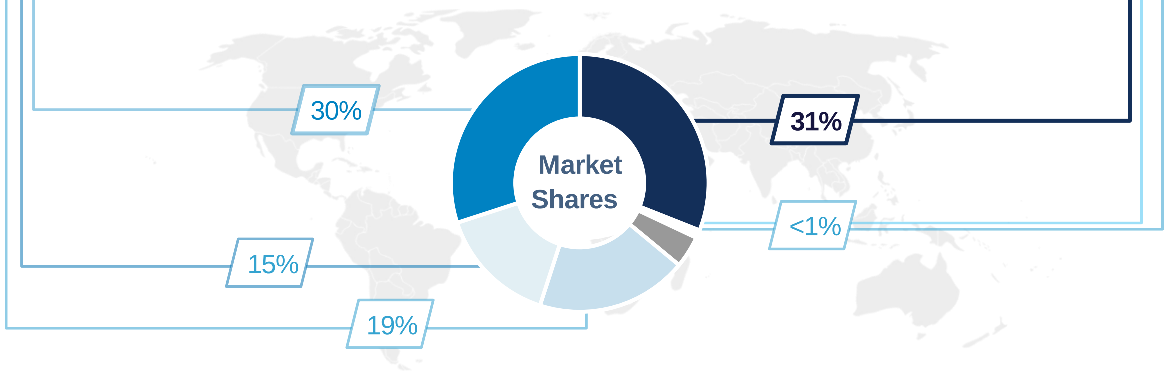
Peer benchmarking

Sonova leads hearing care market through innovation in hearing instruments, cochlear implants, and consumer solutions

Peers

Company	Market cap:
WSA	Private company
GN	2,2 bn CHF
Demant	9,4 bn CHF
Cochlear	11,6 bn CHF
amplifon	5,5 bn CHF
sonova HEAR THE WORLD	**19,0 bn CHF**



Sonova leads the **global market (31%),** outpacing major rivals. Its dominant position leverages strong **R&D**, a wide **retail & service network** and **barriers to entry**

Peer Benchmarking

With a **portfolio that covers everything** from consumer audio to advanced cochlear implants, **Sonova** is at **the forefront of the industry**, driving **innovation** across the entire hearing care spectrum.

✓ - Criteria satisfied
✗ - Criteria not satisfied

		sonova	Demant	GN
Product	Consumer Audio	✓	✗	✓
	Hearing Instruments	✓	✓	✓
	Cochlear Implant	✓	✗	✗
Geography	Presence in Asia	✓	✗	✓
	High Share in U.S. Market (~1/3 revenue)	✓	✓	✓
Strategy	Vertical Integration	✓	✓	✗
	AI Leadership	✓	✗	✗
	Clinics	~3,900	~2,000	~1,500

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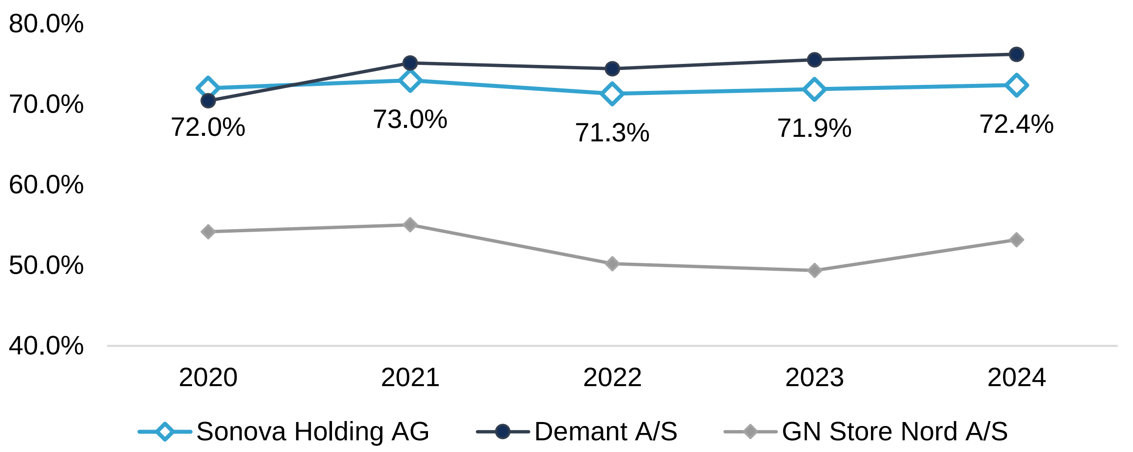
Financials & Valuation

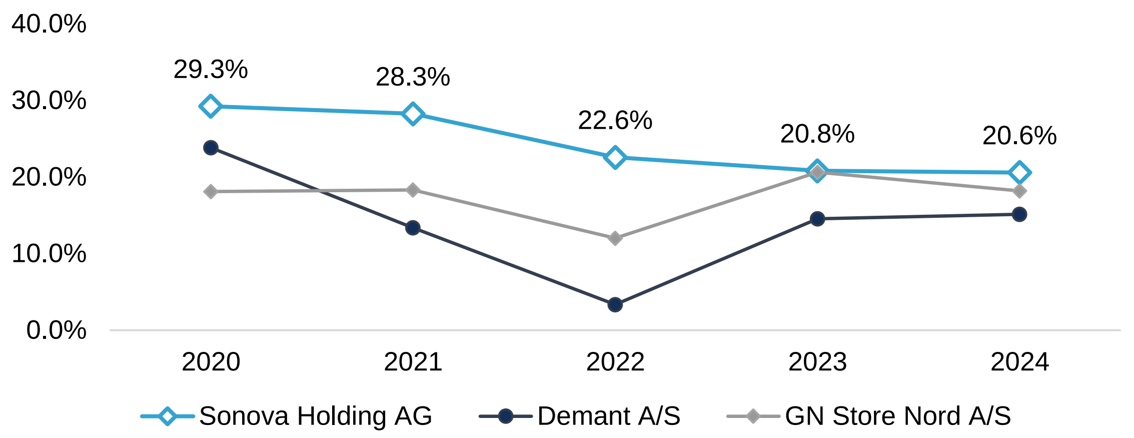
Financial Benchmarking

Sonova's financial stability and ability to create cash strengthen their market position

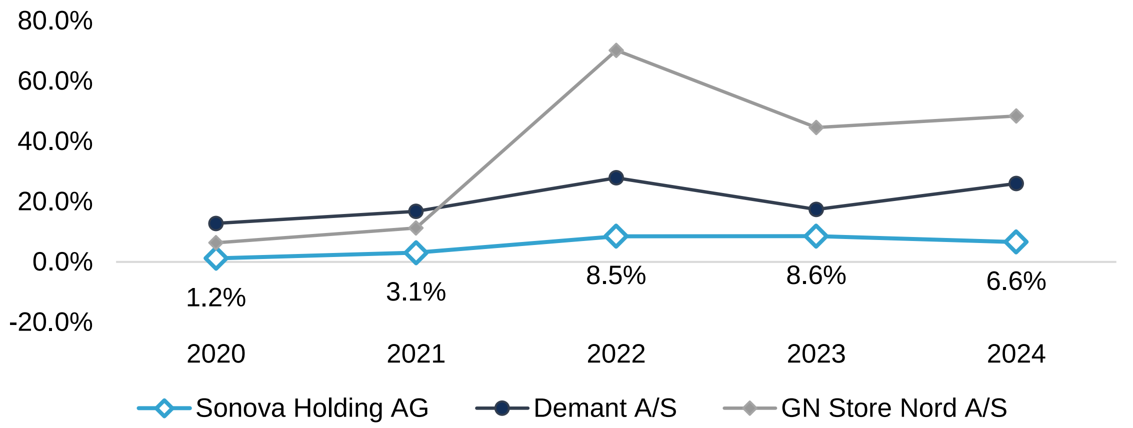
Gross Margin



Operating CF as % of Sales



Net Debt/Market Capitalisation



Financial Highlights

High and stable margins– Indicates strong pricing power and efficient cost control by Sonova

Low financial pressure– Effectively no financial stress due to low leverage and low interest rates due to the strong swiss franc

Above average Cashflow creation– Sonova's high cash creation enables their M&A strategy to extend their technology leadership

Sources: Company Filings, CapIQ, Team Research

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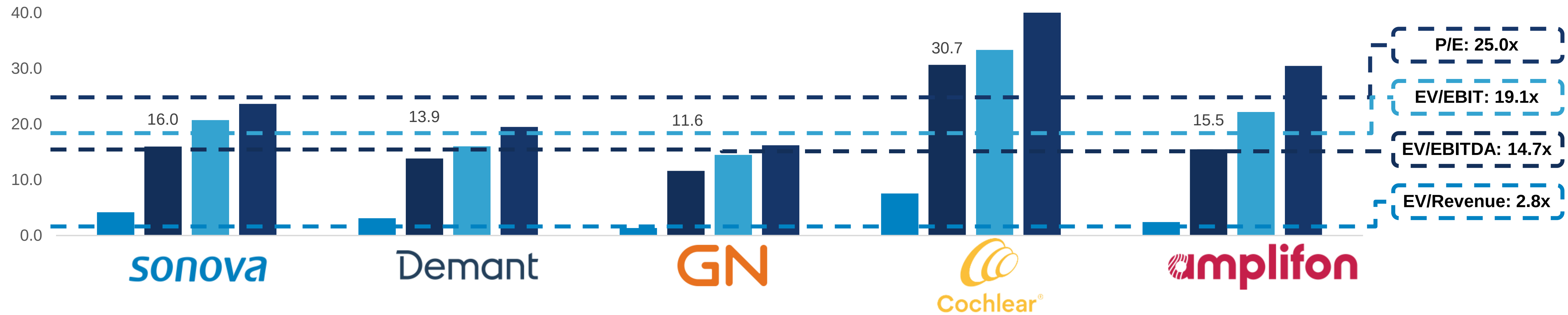
Valuation I – CCA

Sonova's premium reflects its leadership in a resilient industry set for steady, enduring growth

Multiple Valuation Summary



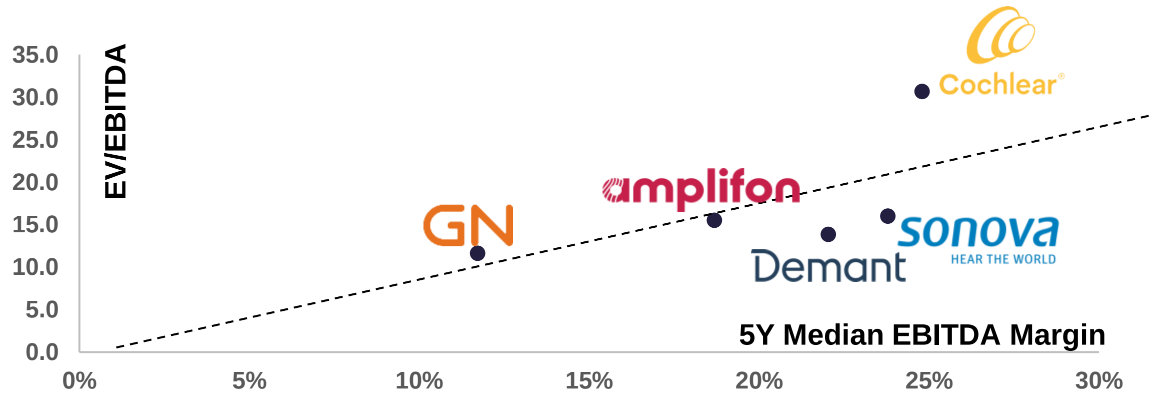
Justifying Sonova's Valuation Premium

Market is rewarding Sonova - The **market** is **rewarding Sonova** for both its **dominant position** and **innovation roadmap reflected by higher multiples**

Industry-Leading Financials - Sonova **leads not just in growth and margins** - but in **capital strength**, debt discipline, and interest coverage

Stable market outlook – Sonova is operating in a structurally growing and globally **resilient market**, with **limited macro disruption** risk unlike other sectors

EV/EBITDA Regression



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Valuation II – Discounted Cashflows

Clear path to value through market development and M&A strategy

Main Drivers

Market dynamics
Sonova thrives as global populations age, with strong positions in fast-growing geographies and rising demand across their main business segments

Tariff exposure
Margin stability and reliable supply chains support strong profitability, as Sonova's core products face minimal direct or indirect tariff impacts globally

Market Share expansion through acquisition
The merger model increases valuation by adding acquired revenues and free cash flows, reflecting Sonova's ongoing use of acquisitions for growth

DCF Assumptions

DCF Assumptions

WACC: 6.12%

Beta: 0.66

LT GR: 2.0%

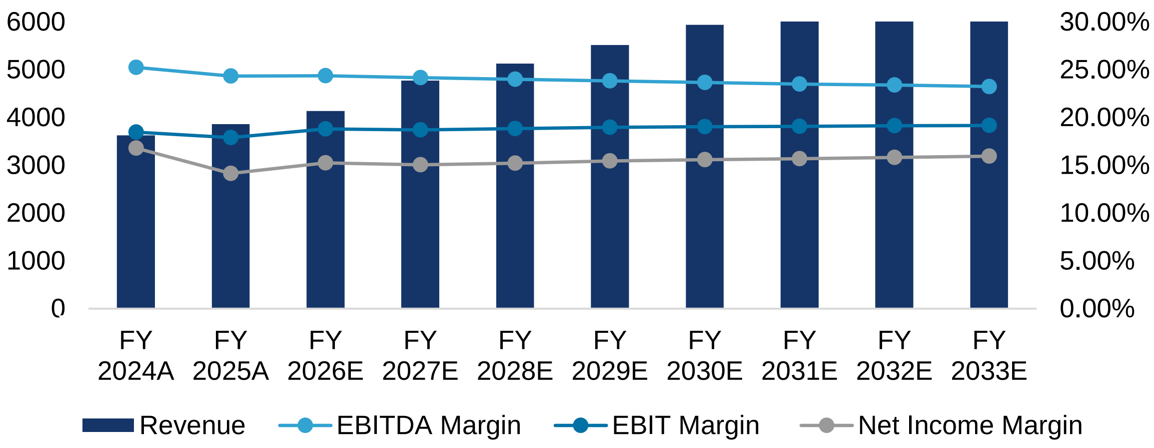
D/E: 7.54%

Lower than historic top-line growth, loss of a significant part of their gross margin advantage, increased operating expenses and higher tariff exposure

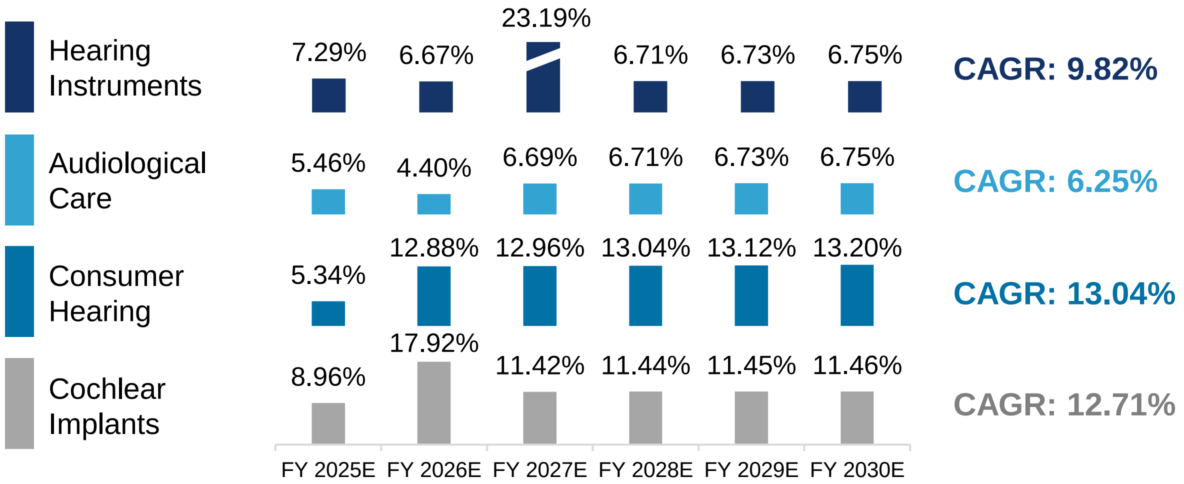
Revenue growth in line with market growth and slight economy of scale effects

Slight market share gains driven by higher R&D, a lower merger model purchase price, and reduced tariff exposure

P&L development in the base case (in mn CHF)



Growth Rates per Segment in base case (5-year horizon)



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Valuation III – Merger Model

W U T I S

Strategic investment in Asia-Pacific drives valuation and business growth

Current market conditions

Market trend towards consolidation
The hearing aid market is shifting toward oligopoly, as shown by Demant's acquisition of KIND

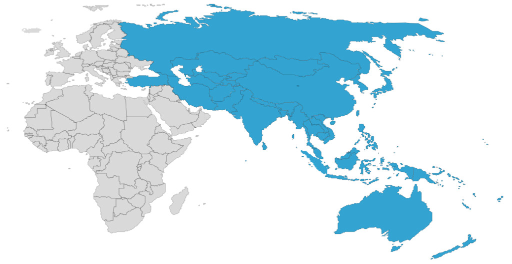
Sonova's history with acquisitions
Sonova has expanded its presence through strategic acquisitions, strengthening its position in the competitive hearing aid market

Healthy Balance Sheet
At the end of 2026, Sonova will have roughly 923 mn CHF in cash for possible expenditures

Acquisition Target and Strategy

Industry: Hearing Instruments

Geographic: Asia Pacific



Sonova will continue investing in **Asia-Pacific** and focus on **hearing instruments**, supported by attractive valuations

Purchase Price and Financials

Transaction Factors

Purchase Price: **CHF 678 mn**

Fully Cash financed

EBITDA Multiple: **10.2x**

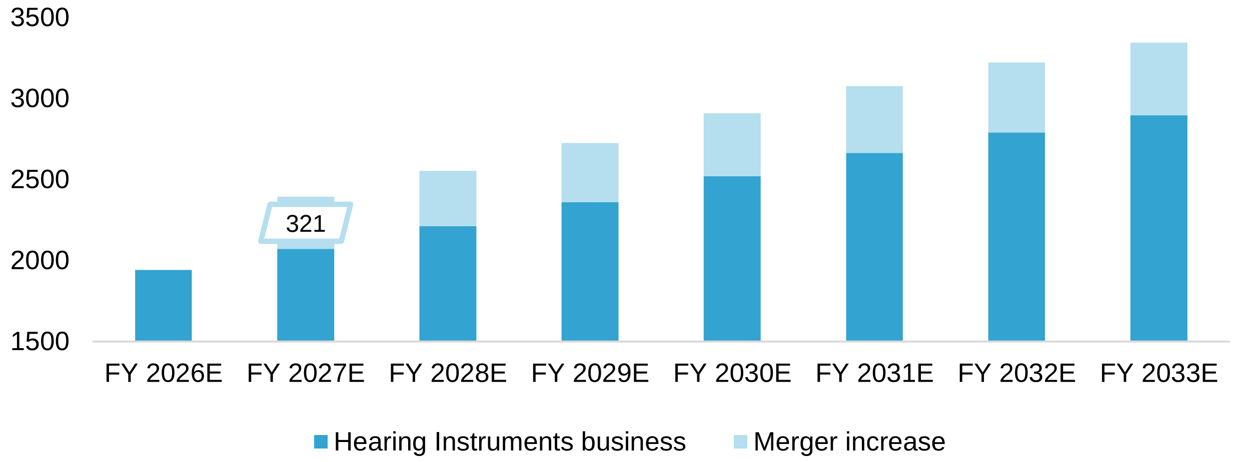
Financials Factors

Revenue of **CHF 301 mn**

Segment makes up 50% of Sales

EBITDA of **CHF 60 mn**

Hearing Instrument business Expansion (in mn CHF)



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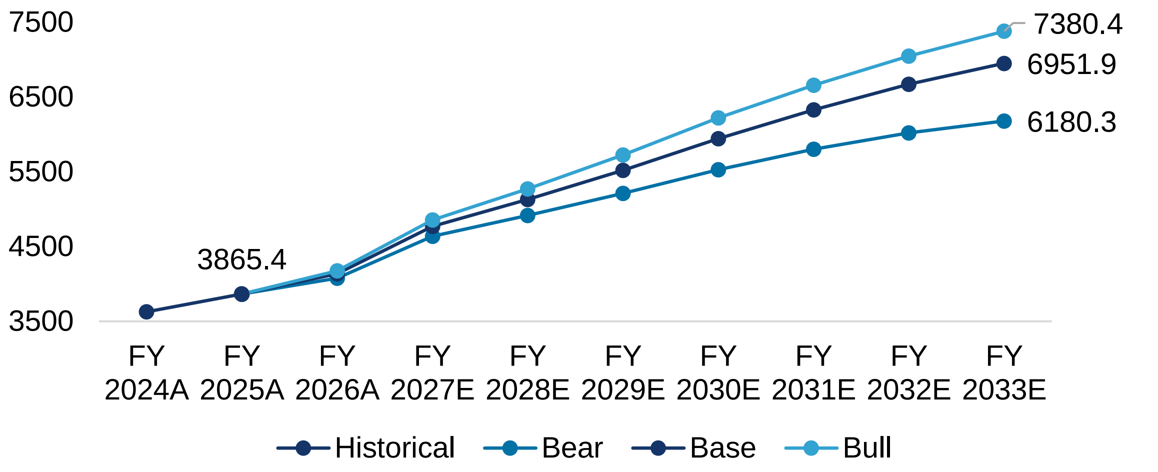
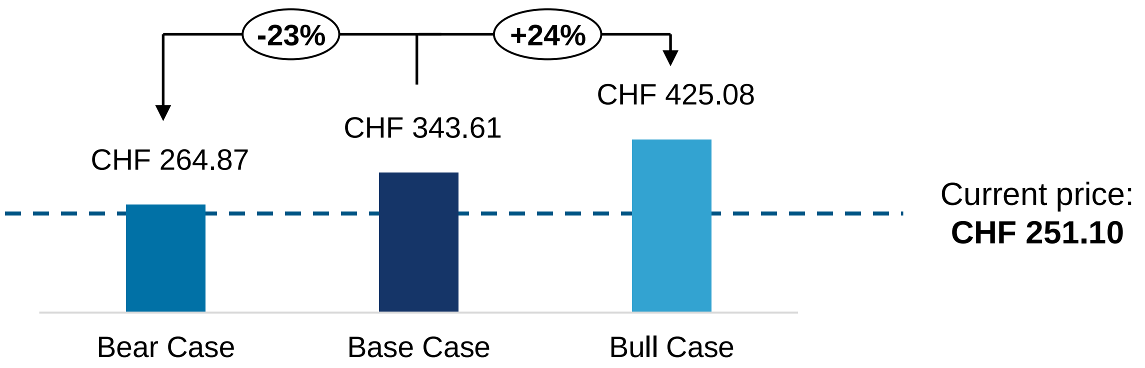
Valuation IV – DCF & Target Share Price

Strong market position results in an upside in all three cases

Revenue per case (in mn CHF)



DCF Share Price Range

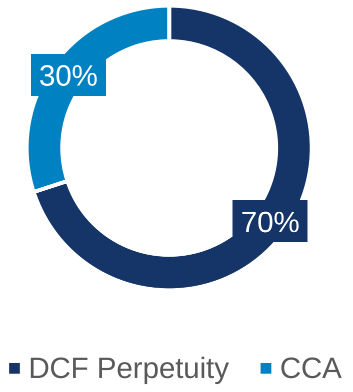


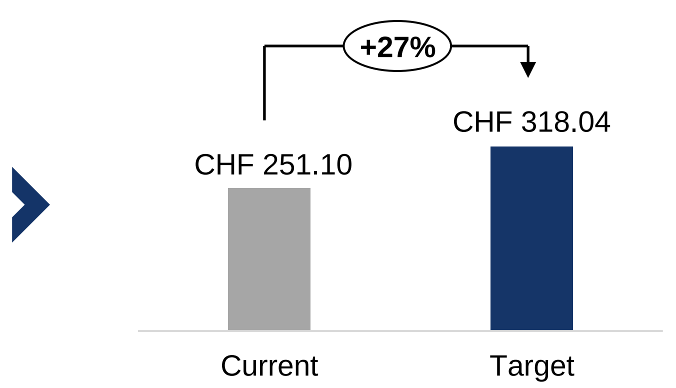
Each scenario results in a higher share price than the current one

Sensitivity Analysis

	TV g				
WACC	*1.0%*	*1.5%*	***2.0%***	*2.5%*	*3.0%*
5.12%	366.88	410.53	468.17	547.82	665.05
5.62%	321.95	355.03	397.25	453.01	530.06
6.12%	285.85	311.61	**343.61**	384.46	438.40
6.62%	256.22	276.71	301.63	332.60	372.12
7.12%	231.48	248.07	267.89	292.01	321.98

Target Share Price





Source: Capital IQ; Team Research; Company Filings

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Sonova AG

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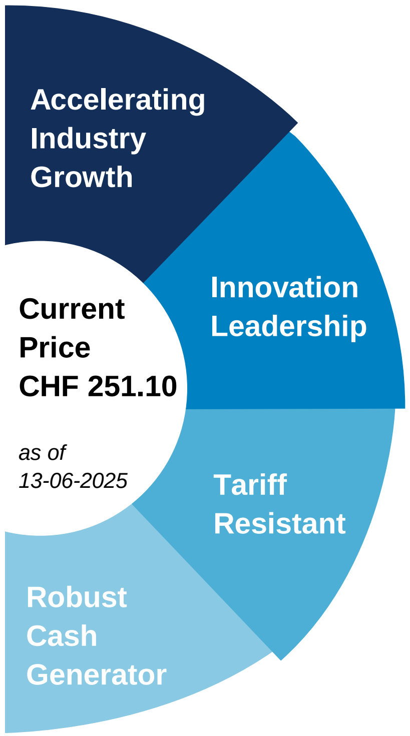
Conclusion

Conclusion

With clear market leadership and strong financials in a growing industry, Sonova offers a compelling Buy case



Target Price:
CHF 318.04

Upside potential
+26.66%

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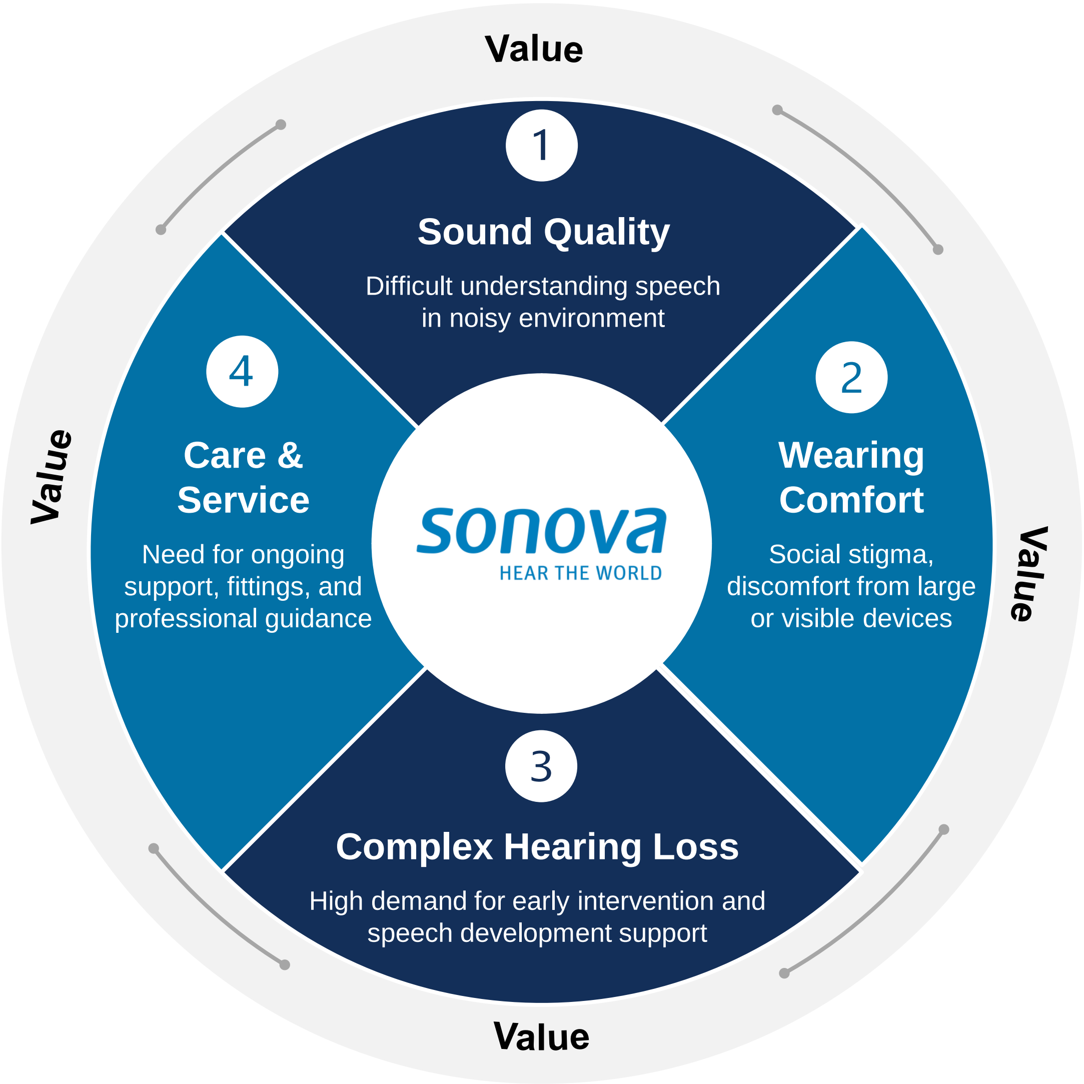
Appendix

Appendix

Customer Value



Sonova AG Satisfies all Customer Needs

1. **DEEPSONIC™ AI – Chip:** Real-time deep neural network trained on 22M sound environments → 45% less listening effort, 21% less fatigue
   Roger ON™ microphones: +61% speech understanding in noise
2. **Phonak Slim**: Sleek, curved design – looks like a lifestyle device
   Phonak Lyric: 100% invisible, worn 24/7 for months inside the ear canal
3. **Sonova Retail Network**: AudioNova, Boots Hearingcare, Lapperre, etc.
   Remote care via app and video consults
   Omnichannel model: Seamless online & offline experience
4. **Sky Marvel / Naída**: Pediatric & power hearing aids
   Advanced Bionics Cochlear Implants: For profound loss; fully integrated with Phonak wireless ecosystem

Sonova AG is one of the few providers that **combines innovation, manufacturing, audiologist networks, and end customer contact.** Every new product is developed on the basis of real user needs, with a focus on suitability for everyday use.

Source: Sonova AG, Capital IQ, Google Research

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Appendix

W U T I S

Strategy and innovation roll-outs

Sonovas's Growth Strategies

Platform & AI Adoption

- Continous Investments in R&D keep Sonova 1-2 years ahead of most competitors in hearing aid performance
- Platforms are reused across Phonak, Unitron, and Advanced Binics – maximizing ROI
- Custom Chipsets and AI engiones are hard for rivals or new entrants to replicate

Global Expansion in Retail Markets

- Sonova continues to expand its direct-to-consumer footprint through owned clinics, particularly in the U.S., China, and Europe
- This vertical model integrates product development, sales, and customer service, boosting margins and brand loyalty
- A key acqisuition was Alpaca Audiology (U.S.) which doubled Sonova's clinic base

Diversification through Consumer Audio

- Sennheiser Consumer Division acquisition (2022) – premium audio brand expands reach to younger, tech-savvy users
- Reduces stigma of hearing aids (consumer branding)
- Competes in new categories (hearables, wellness devices)

R&D Platform Development

	2020	2021	2023	2023	2024	2024
Platform	**PRISM™ Chip**	**AutoSense OS 5.0–6.**	**ERA™ Chip**	**DEPSONIC AI**	**First on device DNN chip**	**Health Sensing**
Integrated Products	Phonak Audéo Paradise, Virto Paradise, Unitron	Paradise, Lumity, Sphere Infinio	Phonak Audéo Infinio, Virto R Infinio, CROS R Infinio	Phonak Audéo Sphere Infinio	Phonak Audéo Sphere Infinio	Phonak Audéo Lumity, Sphere Infinio
Functionality	High-performance sound processing chip with Bluetooth streaming and motion sensor support	AI-based environment classifier that automatically adjusts settings based on sound scene	Advanced chip with faster processing, Bluetooth LE Audio, and Auracast support	DEEPSONIC enables real-time AI signal processing without cloud dependence	Dedicated on-device AI coprocessor using DNN for real-time speech-in-noise separation	Biometric sensors (step count, heart rate, fall detection); integrates with app for wellness tracking

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W U T I S

Strategy – M&A Deep-dive

2021 — May 7, 2021 — 2022 — January 13, 2022 — August 19, 2022 — 2023

SENNHEISER

Announcement Date: May 7, 2021

Purchase Price: CHF 190 mn

Financing: Funded through existing cash reserves

Strategic Rationale:
- Entry into the **consumer audio market**, expanding beyond traditional hearing aids
- Leveraging Sennheiser's strong brand to **reduce stigma** associated with hearing aids
- Facilitates **entry into the premium audio wearables segment**, capturing **a younger**, tech-savvy audience

alpaca audiology

Announcement Date: January 13, 2022

Purchase Price: CHF 285 mn

Financing: Funded through existing cash reserves

Strategic Rationale:
- Significant expansion of Sonova's **retail footprint in the United States**
- Strengthening of Sonova's **Audiological Care business segment**
- Provides greater **control over the patient journey** through vertical integration

華天达图 HYSOUND GROUP

Announcement Date: August 19, 2022

Purchase Price: Not publicly disclosed

Financing: Funded through existing cash reserves

Strategic Rationale:
- Expansion into the **Chinese market**, one of the **fastest-growing markets** (aging population trend)
- Establishment of a **strong retail presence** with over 200 clinics in more than 70 cities
- Leverages HYSOUND's **localized expertise** to navigate China's **regulatory and consumer landscape**

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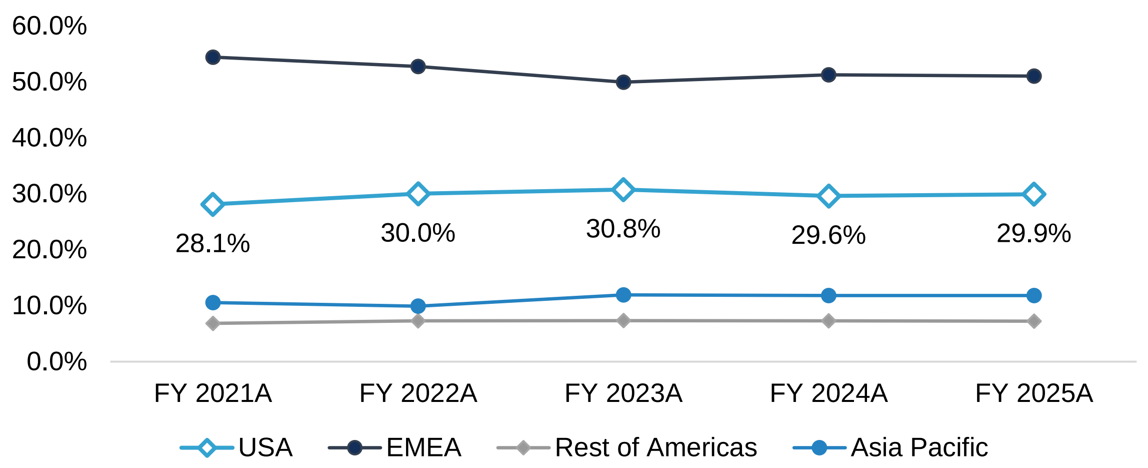
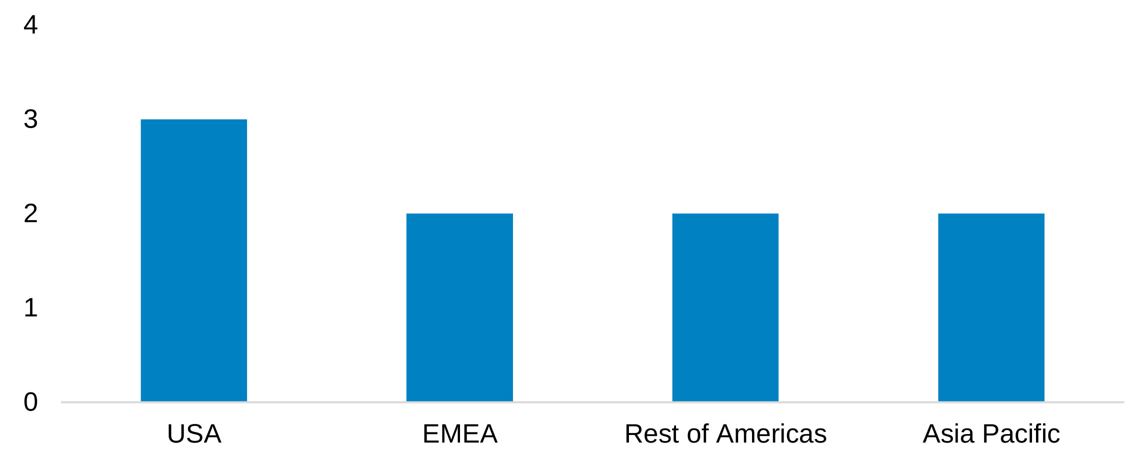
Appendix

Tariffs

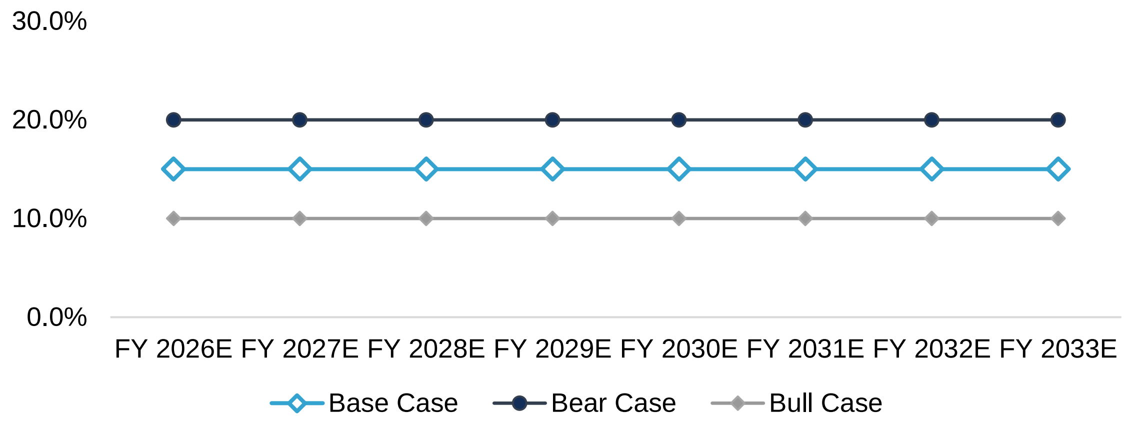
Sales by region



Company Production facilities



Tariff size per case (consumer hearing segment)



Impact and Solutions

Potential exemption from tariffs– Hearing aids may qualify for tariff exemptions or reductions due to their medical device classification

Lower price elasticity– Hearing aids generally exhibit low price elasticity, which may reduce the impact of tariffs on demand

Geographical diversification– Sonova can reduce tariff exposure by regionalizing production and distribution

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Appendix

Environmental, Social and Government

ESG – Performance

E

Science based Targets (SBTi)
Sonova AG has committed to reducing Scope 1 – 3 emissions by 28% by 2030

E

Renewable energy and in-house production
Sonova AG generates 34% of its electricity from renewable energy

S

Access to hearing solutions in developing countries
Cooperation with NGOs, with projects in 70+ countries, e.g. schools in Malawi, programs for Syrian refugees

S

Diversity & Inclusion – women in management
40 % in middle management → above industry average and 28% in top management

S

Mental Health & Leadership
500+ managers were trained as “Mental Health First Aiders” – an innovative approach

G

ESG reporting
Sonova AG is a pioneer in ESG reporting – already works according to upcoming CSRD standards

Strategic Alignement

As a global leader in hearing care solutions, Sonova AG has **aligned its strategic priorities** with at least **nine key UN Sustainable Development Goals (SDGs).** Through this broad-based alignment, the company creates lasting economic, social, and environmental impact.

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Appendix

Risks

M1	**CHF strength could depress profits from exports** (esp. USA & emerging markets), additional macro risks with **rising US trade barriers,** and geopolitical risk with **China.**
M2	**AI innovation** (Sphere/Infinio) had **high launch costs** for R&D, marketing, and sales training → risk that these products **will not be in demand as planned.**
M3	**Sonova** needs to actively **defend its first-mover advantage** due to competitive pressure from AI hearing aids; competitors will follow with **AI devices** in 2025.
M4	**EU taxonomy**, OECD minimum tax, new FDA regulations, and other future **ESG guidelines** are associated with **additional costs** for the company.
O1	**Scope 3 – Supply chain risk (ESG)** because **54% of emissions** come from the upstream supply chain → **Risky if suppliers do not decarbonize.**
O2	**A large part of Sonova's strategy is M&A,** which can lead to **integration risks** that reduce synergies and cause losses.
O3	**In addition** to the current **fluctuation rate of 10%,** a **lack of innovation** can lead to a **loss of talent** and a shortage of skilled workers.

Market (M) – Operations (O)

Appendix

PESTLE Analysis

Impact

High | Medium | Low | | Low | Medium | High

Europe's new medical-device law requires constant audits, not just a one-time certificate; failure to pass audits can delay launches.	**P**	Possible U.S. universal import tariff and selective China-related levies create price pressure on devices assembled in Mexico/Asia.
The Swiss franc keeps rising because investors treat it as a safe haven. Every uptick makes Sonova's exports look more expensive and shrinks reported profit when foreign sales are translated back into francs	**E**	On the demand side, US out-of-pocket spending has softened despite historically low unemployment. Middle-income seniors are delaying premium fits, opting instead for lower-tier devices.
Stigma - the fear of appearing old, frail, or impaired - still keeps penetration of clinically eligible users below 35 %.	**S**	Younger boomers and Gen X want to tweak their devices themselves in an app, not sit in a clinic. So Sonova has to offer remote care that feels empowering rather than complicated.
Sonova's new DEEPSONIC™ AI engine and ERA LE-Audio chip make speech clearer and streaming easier, giving the premium Phonak line a real edge. Sonova needs to keep innovate to keep up this leap.	**T**	Apple, Samsung and others refresh their hearables every 12–18 months, so customers expect quick software upgrades.
Privacy rules world-wide are hardening; health data must be encrypted, stored carefully, and deleted on demand.	**L**	Battery-swelling stories and skin-irritation lawsuits in the sector raise the spectre of recalls and higher insurance premiums. Compliance can no longer be an after-thought; it has to live inside every R&D sprint.
Europe will force more recyclable or bio-based packaging, so blister packs and chargers need a redesign.	**E**	Climate risk is also a supply-chain issue—many microphone and receiver suppliers sit in typhoon-prone South-East Asia—so dual sourcing and robust logistics plans are essential.

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Appendix

SWOT Analysis

STRENGTHS

- **Structural, non-cyclical demand** – ageing populations and better screening push prevalence of presbycusis; penetration is still only ~30 % of candidates, giving a long runway.
- **Technology moat -** 2024 launch of Phonak Infinio & Sphere Infinio: real-time AI and Sonova's own ERA LE-Audio chip, widens technological leap to competitors.
- **High entry barriers** – FDA/CE approvals, years of audiological IP, and clinical-channel relationships defend the 'Big-4' oligopoly
- **Vertically-integrated retail scale -** 3,600 clinics secure direct consumer access, data feedback loops and margin capture.

OPPORTUNITIES

- **Emerging-market penetration** – incomes rising in China, India, LATAM; could result in people being able to afford hearing aid
- **Big-tech partnerships & hearables convergence** – Apple's FDA-cleared AirPods software raises consumer awareness and will expand the total addressable market (TAM) rather than fully cannibalise premium aids.
- **ESG leadership** – a rigorously audited supply chain strengthens tender eligibility and attracts sustainability-focused investors.

sonova
HEAR THE WORLD

- **Social stigma** – many potential users hesitate to wear hearing aids because they signal ageing or disability, slowing adoption among those with mild-to-moderate loss.
- **Regulatory overhead** – EU-MDR, US FDA quality-management burdens raise fixed-costs for mid-tier players.
- **Swiss-franc exposure:** FX headwinds cut reported growth by ~4 pp and trimmed EBITA margin by c. 40 bps.
- **Price sensitivity limits uptake** – ASPs of US $1,500–2,000 per ear still deter buyers; US private market slowed in early 2025 despite positive macro.

WEAKNESSES

- **Big-tech commoditisation:** Apple's FDA-authorised AirPods Pro 2 hearing-aid feature re-sets consumer price expectations in mild-to-moderate loss.
- **Trade policy risk:** FY 25/26 outlook assumes no additional U.S. import duties - new tariffs could compress margins.
- **Leadership transition:** long-time CEO Arnd Kaldowski steps down Sept 2025; execution continuity depends on incoming CEO Eric Bernard.
- **Component concentration:** BLE chipsets & micro-receivers come from a narrow Far-East supplier base, leaving the firm vulnerable to geopolitical shocks.

THREATS

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Appendix

AI comparison

Metrics	Sonova	Demant	GN
Product(s) using AI	▪ Phonak Audéo Sphere with Infinio platform (2024)	▪ Oticon Intent (2024)	▪ ReSound Vivia (2024)
AI Features	▪ Real-time on-device AI with **dedicated DEEPSONIC™ chip** ▪ 7.7B operations/sec ▪ 22M sample training set ▪ Speech-in-noise gain ~10 dB ▪ AutoSense OS 6.0 with environmental adaptation	▪ AI-based DNN 2.0 (12M scene training) ▪ 4D Sensor Fusion (movement, conversation intent) ▪ Adaptive directionality & personalized gain (up to 12 dB noise reduction)	▪ Software-based DNN, trained on 13.5M sentences ▪ Prioritizes voice via visual focus ▪ Bluetooth LE + Auracast™ ▪ ~4.3 dB speech-in-noise improvement
Comparison	➕ **Industry-leading real-time AI**: Only hearing aid on the market with a dedicated AI chip (DEEPSONIC™), enabling deep neural network processing directly on the device without relying on cloud or phone connectivity. ➕ **Exceptional speech-in-noise performance**: Clinical trials show **up to 10 dB SNR improvement**, significantly enhancing speech clarity in noisy environments ➖ **Trade-off in battery life and size**: The power demand of real-time AI means shorter battery life and a slightly bulkier form factor compared to competitors	➕ **Strong noise reduction capability**: Achieves up to **12 dB adaptive suppression**, combining DNN 2.0 and sensor-driven adjustments ➖ **Lacks dedicated AI hardware**: AI runs on main processing chip, so while feature-rich, it may lag in raw performance versus Sonova's hardware-accelerated approach ➖ **Complexity**: The "intent" system is powerful but may be harder for some users to personalize or fully benefit from without clinician support	➕ **User-friendly design and battery life**: Compact form factor and efficient battery (~30 hours) make it appealing for all-day wearers ➖ **No dedicated AI chip**: Uses software-based DNN for speech enhancement, limiting its adaptability and speed in real-time challenging environments ➖ **AI performance less advanced**: While DNN helps, speech-in-noise gains (~4.3 dB) are lower than Sonova or Demant's offerings

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W U T I S

Peer analysis I

Company	sonova	Demant	GN
Country	Switzerland	Denmark	Denmark
Revenue EBITDA Market Capitalization EBITDA-Margin	3,865 mn CHF 882 mn CHF 15.284 mn CHF 22.8%	2,817 mn CHF 634 mn CHF 7.282 mn CHF 22.5%	2,220 mn CHF 260 mn CHF 1.737 mn CHF 11.7%
Manufacturing Locations	USA (33%), Switzerland (23%), Canada (22%), China (11%), Vietnam (11%)	Poland (22%), Denmark (21%), Europe (21%), China (20%), USA (8%), Canada (8%)	Denmark (40%), China (20%), Malaysia (20%), USA (20%)
Supplier Locations	Europe (34%), USA (26%), China (11%) Asia-Pacific (23%), Canada and Mexico (6%)	USA (38%), Europe (31%), Asia-Pacific (18%), China (10%), Canada and Mexico (3%)	USA (35%), Europe (20%), Asia-Pacific (19%), China (18%), Canada and Mexico (8%)
Segments & Brands	**Hearing Instruments (53% of Revenue)** PHONAK life is on, unitron, Hansaton **Audiological Care (39% of Revenue)** AudioNova **Consumer Hearing (8% of Revenue)** Connect Hearing, SENNHEISER	**Hearing Aids (45% of Revenue)** oticon, PHILIPS, bernafon, SONIC Everyday Sounds Better **Hearing Care Services (40% of Revenue)** Audika Group, Hidden Hearing, HearingLife **Diagnostics (11% of Revenue)** Interacoustics, MAICO, MedRx **Business Communications (4% of Revenue)** EPOS	**Audio (61.5% of Revenue)** Jabra, blueparrott GN, steelseries **Hearing (38.5% of Revenue)** ReSound, Beltone, Interton GN

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Appendix

Peer analysis II

Company	sonova	Demant	GN
Vertical Integration (Retail + Manufacturing)	+	+	−
Own Retail Distribution Channel	+	+	−
Own Chip / R&D Platform	+	+	+
Global Retail Footprint	**~3,900** clinics	~2,000 clinics	~1,500 (via Beltone franchise)
Cochlear Implant Segment	+	−	−
Consumer Audio Segment (Hearables)	+ *(Sennheiser)*	−	+ *(Jabra)*
Innovation in AI & Speech-in-Noise	**Paradise (2020), Lumity (2022) and DEEPSONIC™ chip (2024)**	Oticon DNN (2021)	ReSound Vivia (2022)

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Appendix

Peer analysis III

Company	sonova	Demant	GN
Bluetooth LE Audio & Auracast	+	−	+
Strong Brand Portfolio	**Phonak, Unitron, AB**	Oticon, Philips	ReSound, Beltone
Revenue Diversification	+ (Hearing, Implants, Consumer Audio)	+ (Hearing, Diagnostics)	+ (Hearing, Audio)
Market Leadership in Premium Devices	+	+	−
High Share in U.S. Market (~1/3 revenue)	+	+	+
High Share in Asian Market (Growing Base)	+	−	+
Full In-house Cochlear Tech	+	−	−
Sustained M&A Activity (Retail & Tech)	+	+	−

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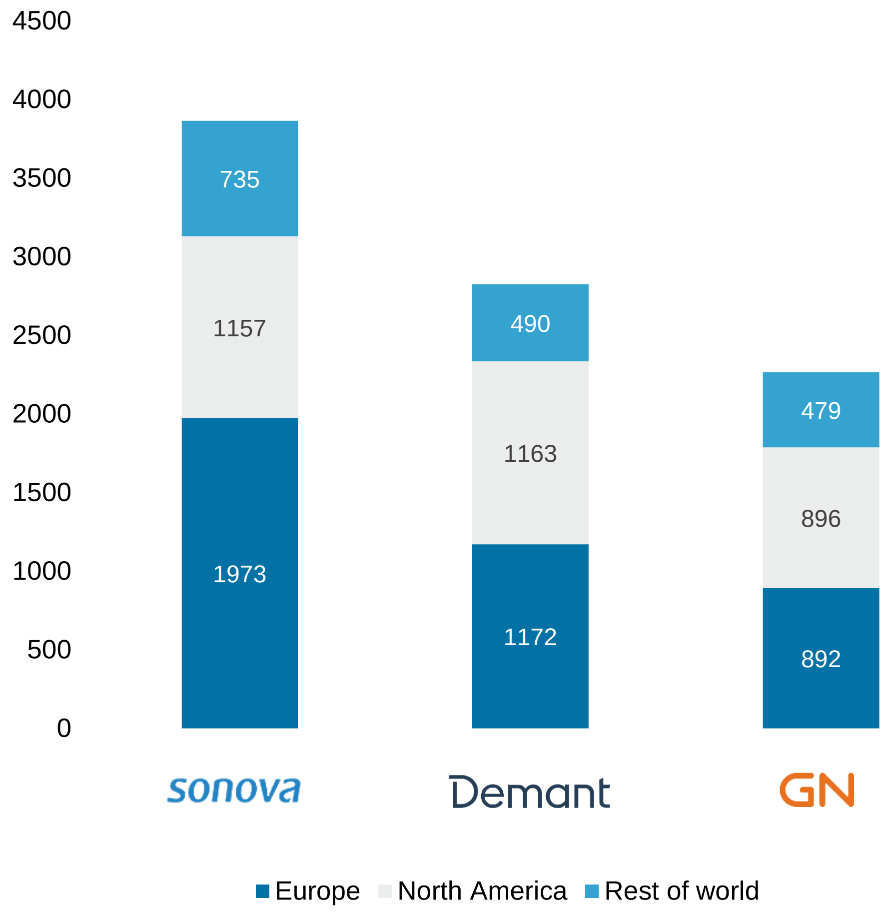
Appendix

Peer analysis IV

Geography revenue split (2024)



AI differences

sonova

Actively assist in conversation

- Dynamically boosts the main speaker's voice

Demant

Give the brain a full sound scene

- Balances all sounds for natural processing

GN

Mimic natural hearing

- Provides clear speech from all directions

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Appendix

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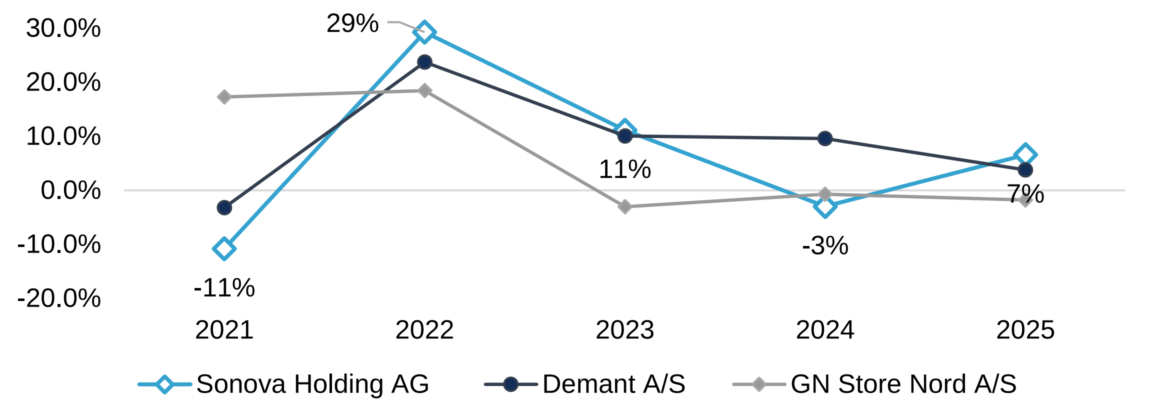
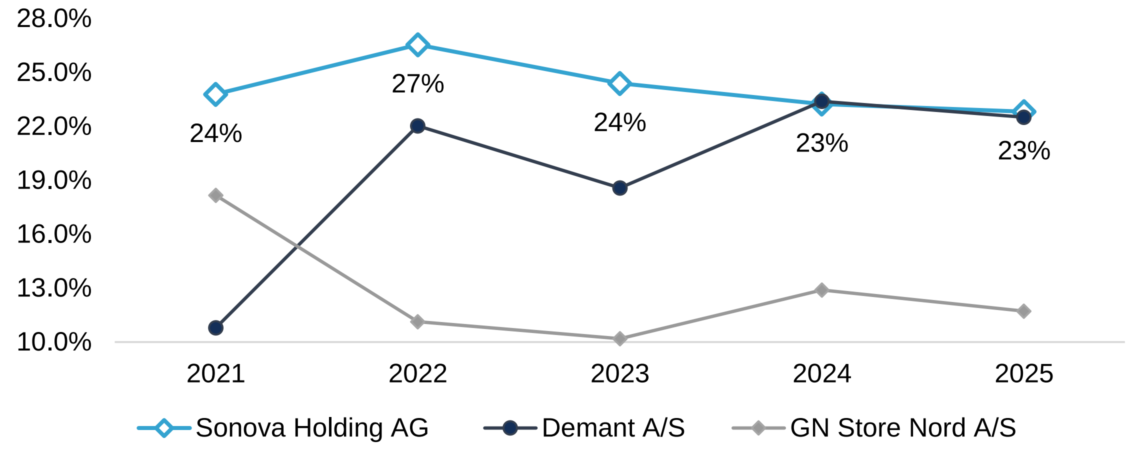
Profitability I

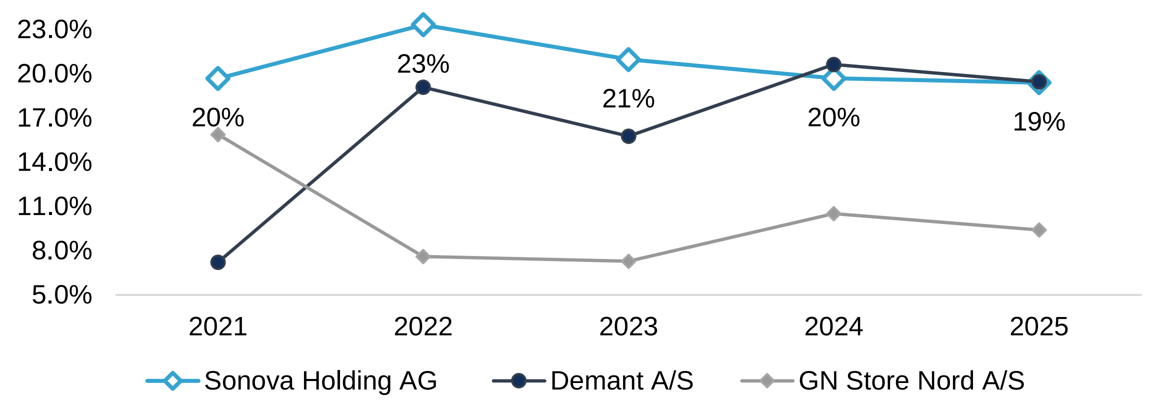
Revenue growth



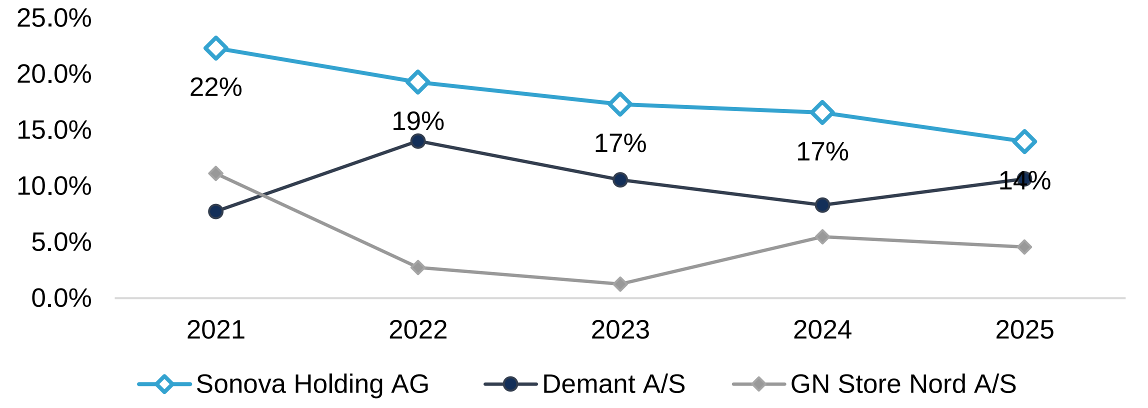
EBITDA Margin



EBIT Margin



Net Income Margin



CapitalIQ, Team Analysis

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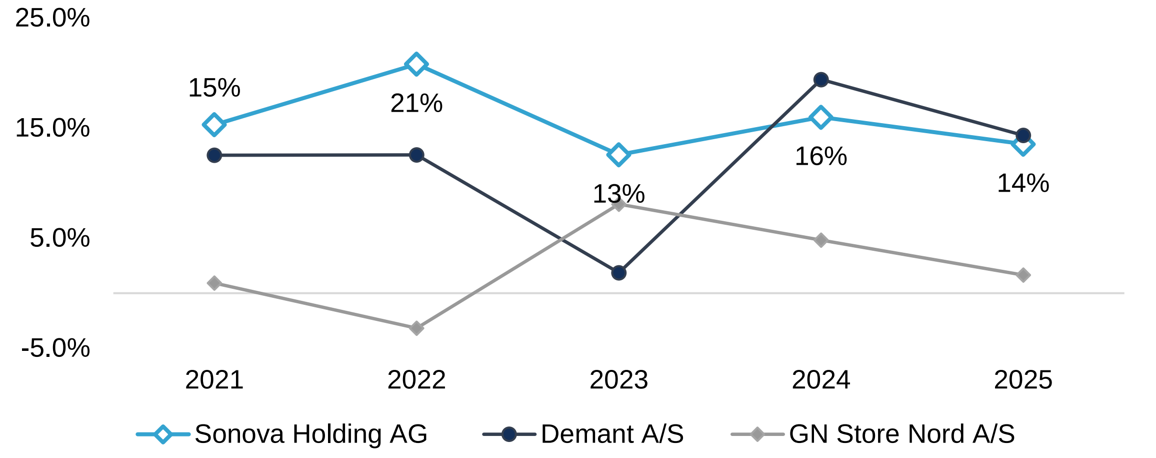
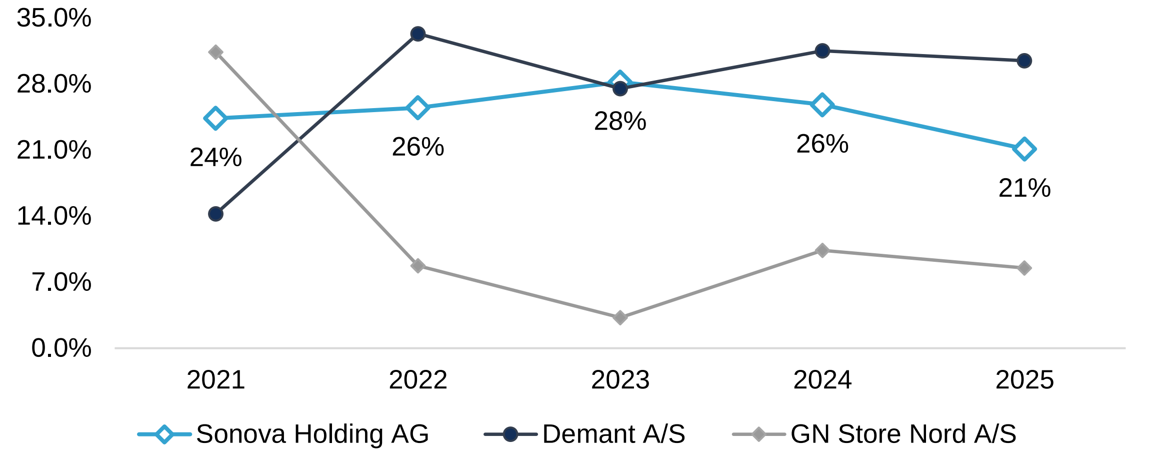
Appendix

Profitability II

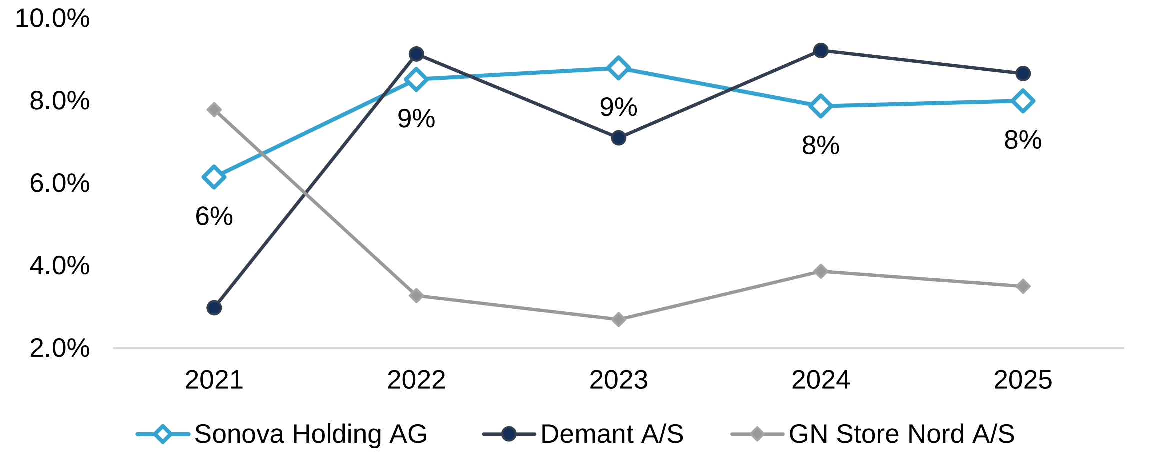
Unlevered FCF as % of Sales



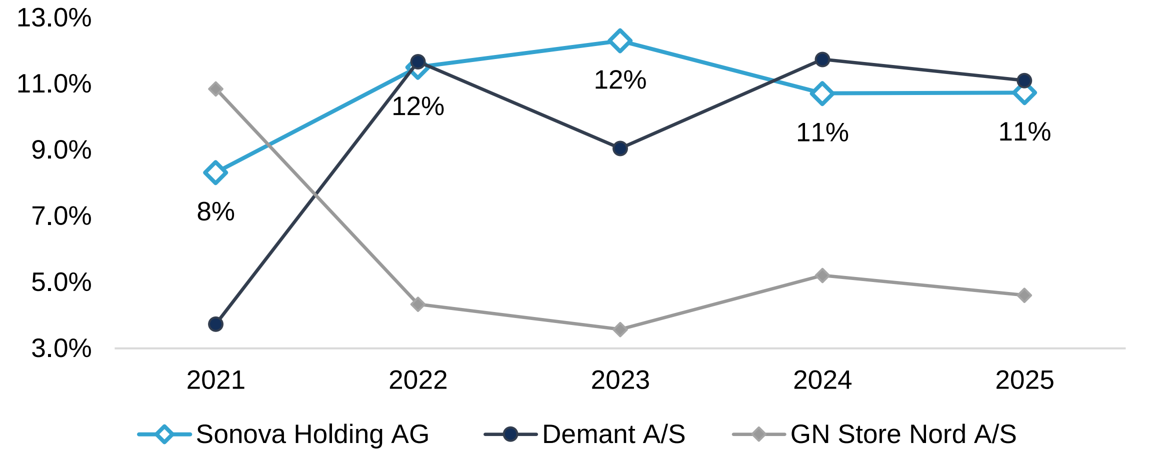
Return on Equity



Return on Assets



Return on Capital



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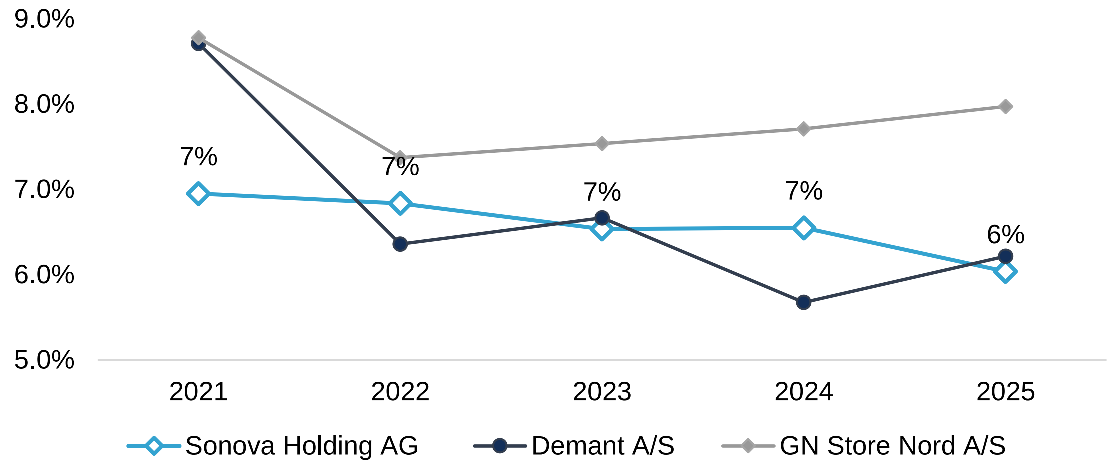
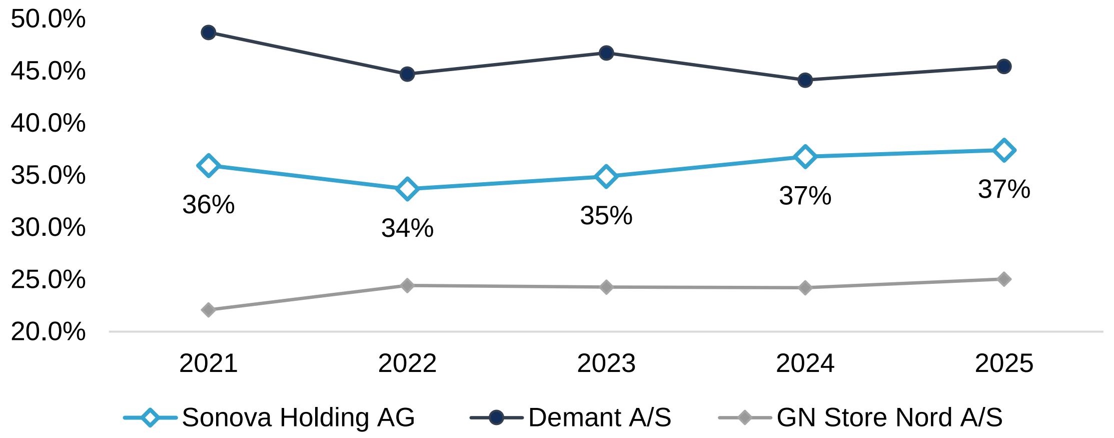
Appendix

Profitability and Ratios

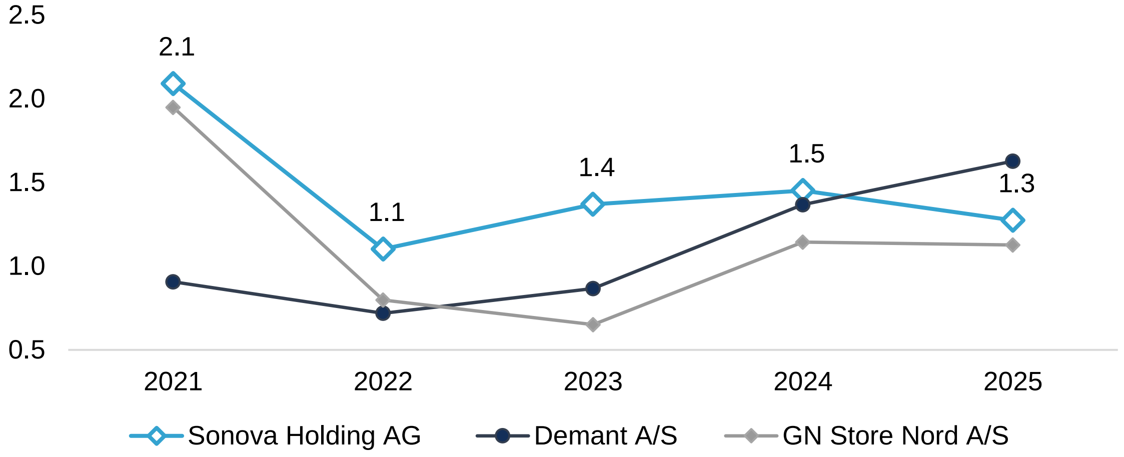
R&D as % of Sales



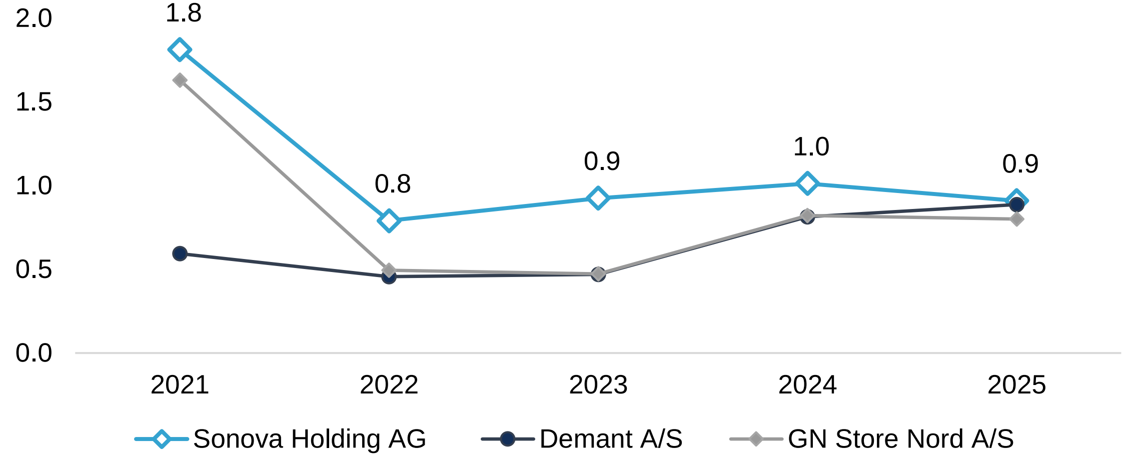
Selling and Marketing Exp. as % of Sales



Current Ratio



Quick Ratio



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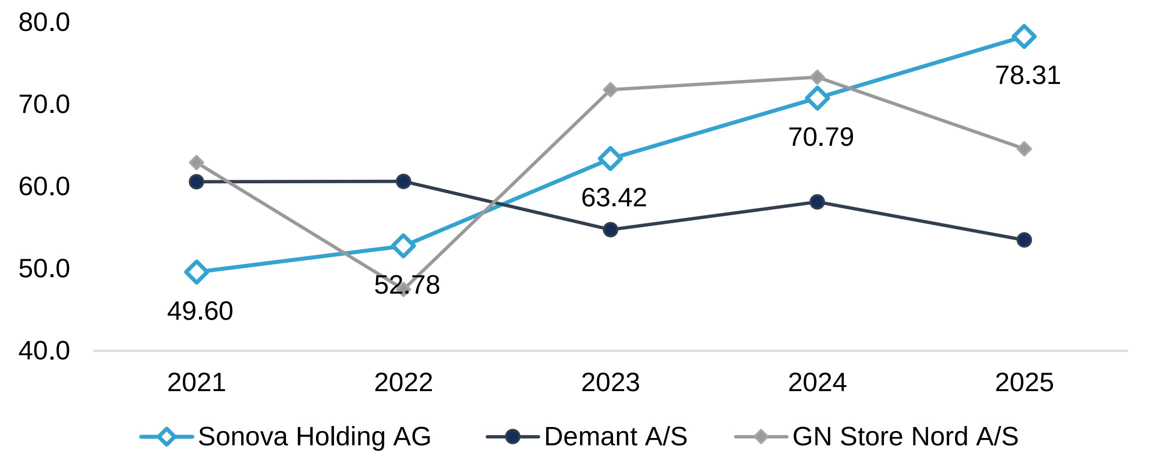
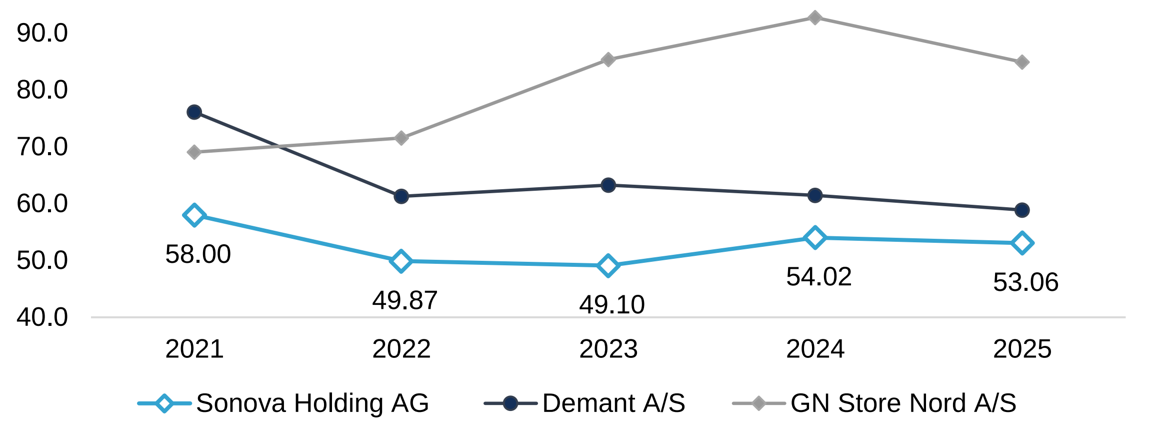
Appendix

Working Capital

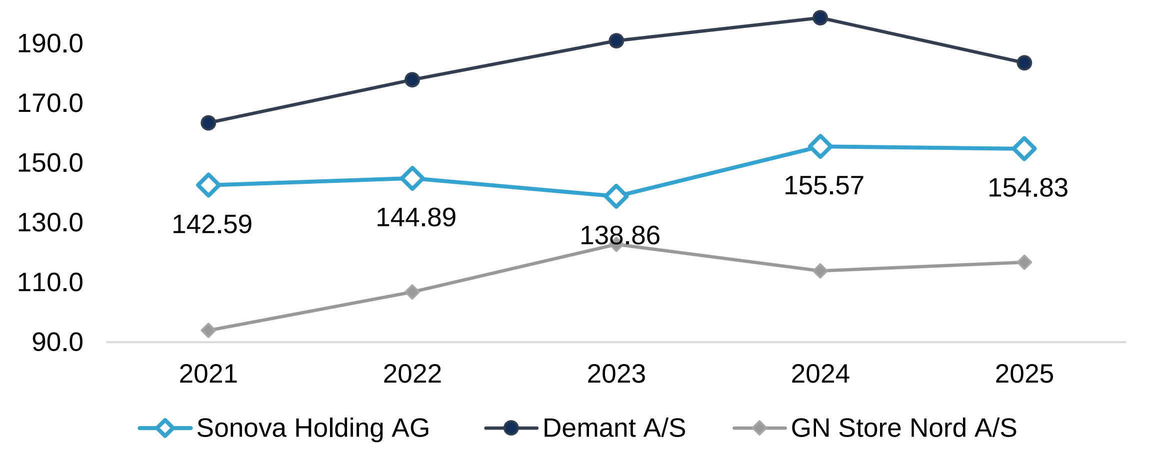
Avg. Days Payable Outstanding



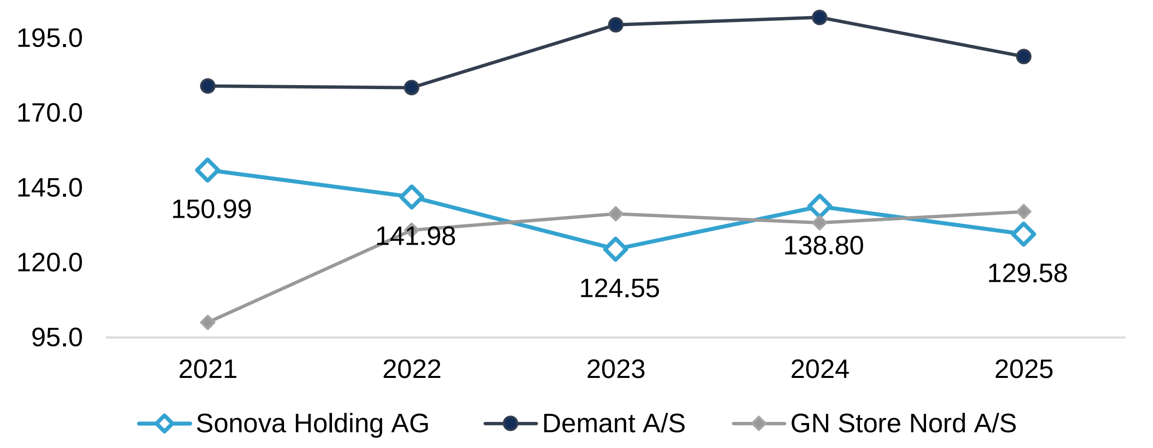
Avg. Days Sales Outstanding



Avg. Days Inventory Outstanding



Avg. Cash Conversion Cycle



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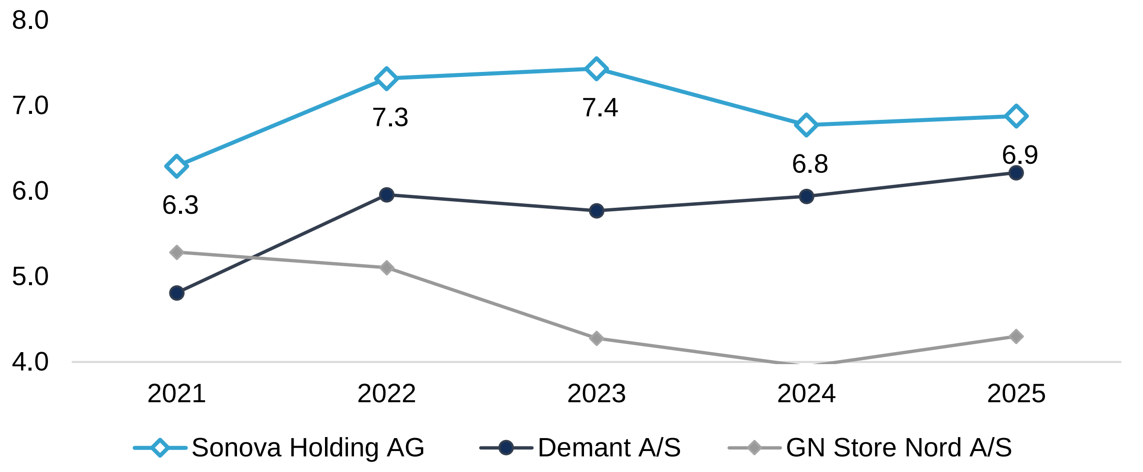
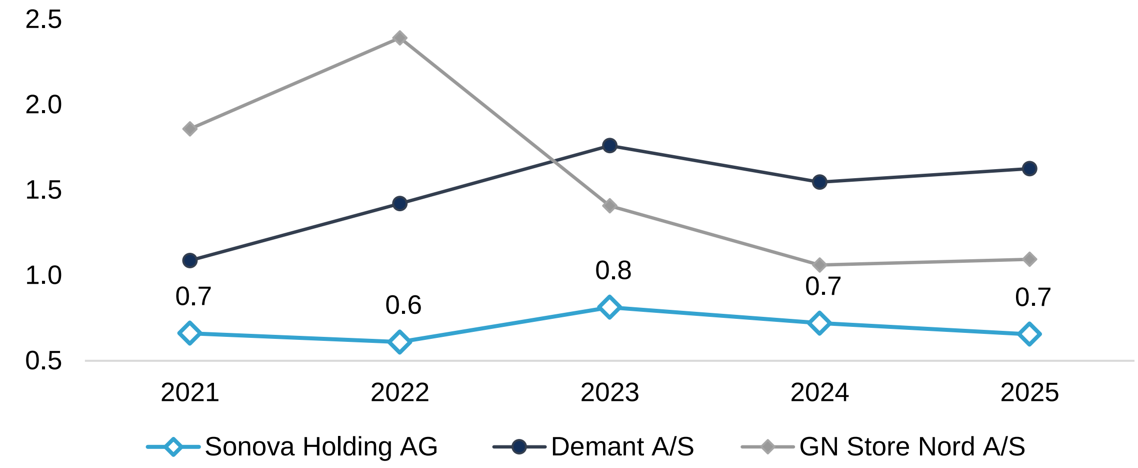
Appendix

Liquidity & Turnover

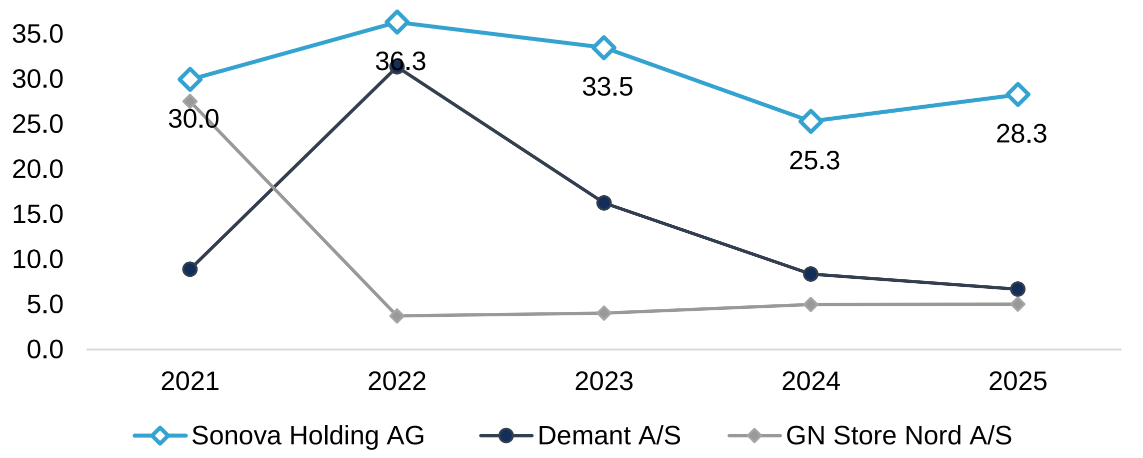
Accounts Receivable Turnover



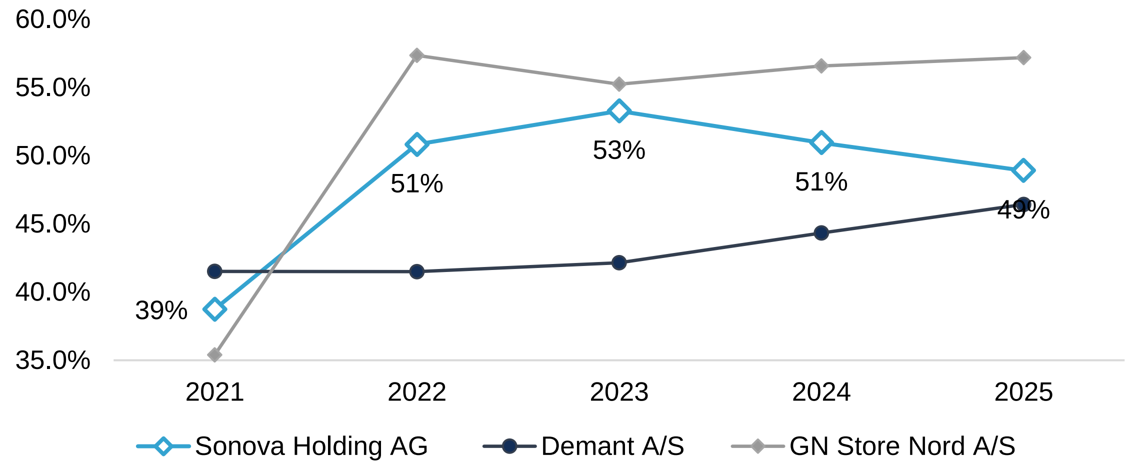
Total Debt/Equity



EBIT / Interest Exp.



Intangibles as % of Total Assets



CapitalIQ, Team Analysis

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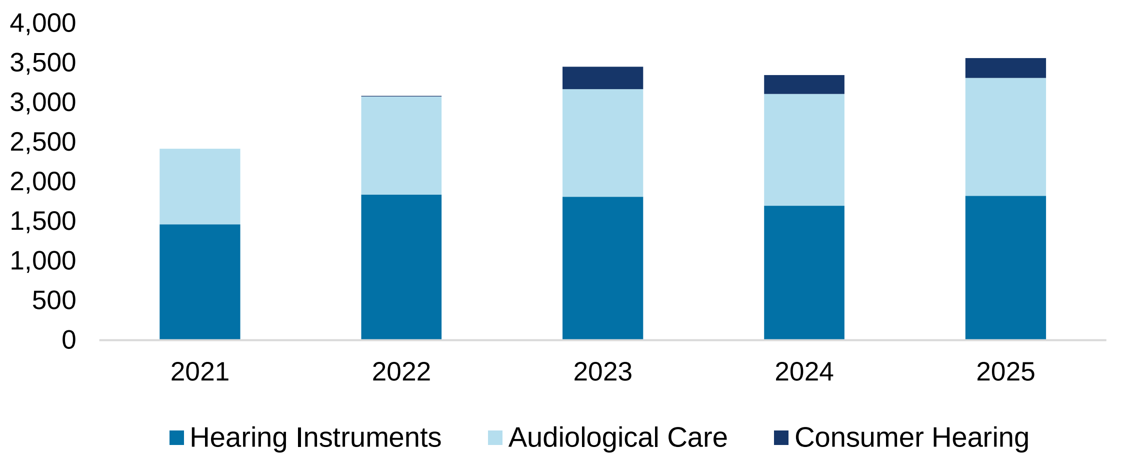
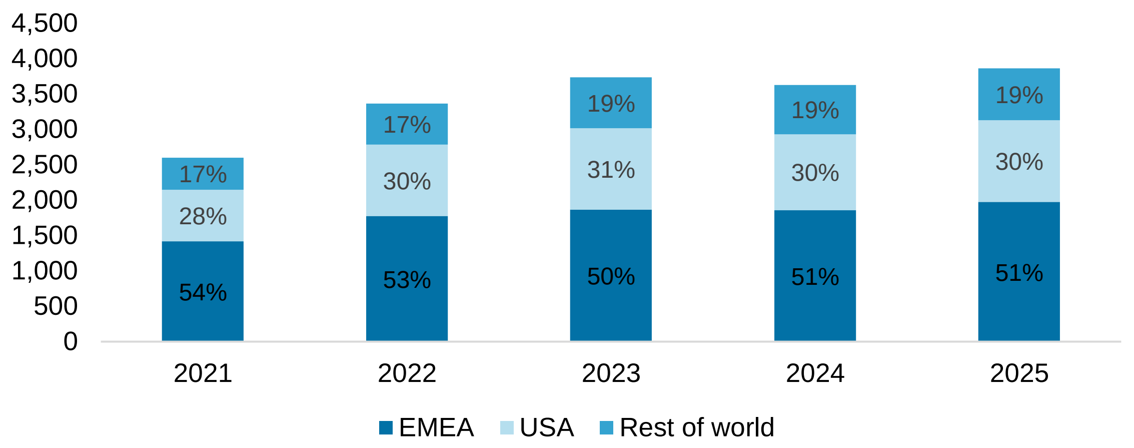
Appendix

Revenue, Funding and Cash Flow Performances

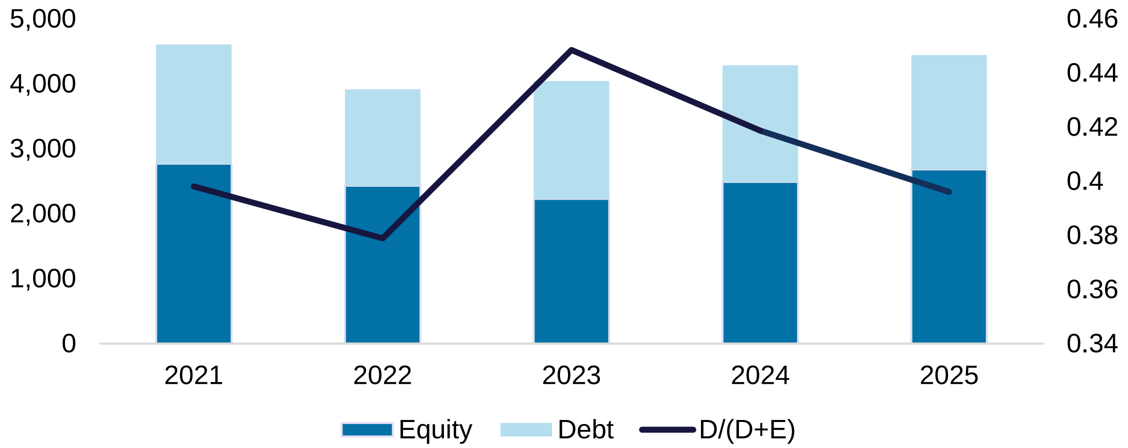
Revenue per Segment (in mn)



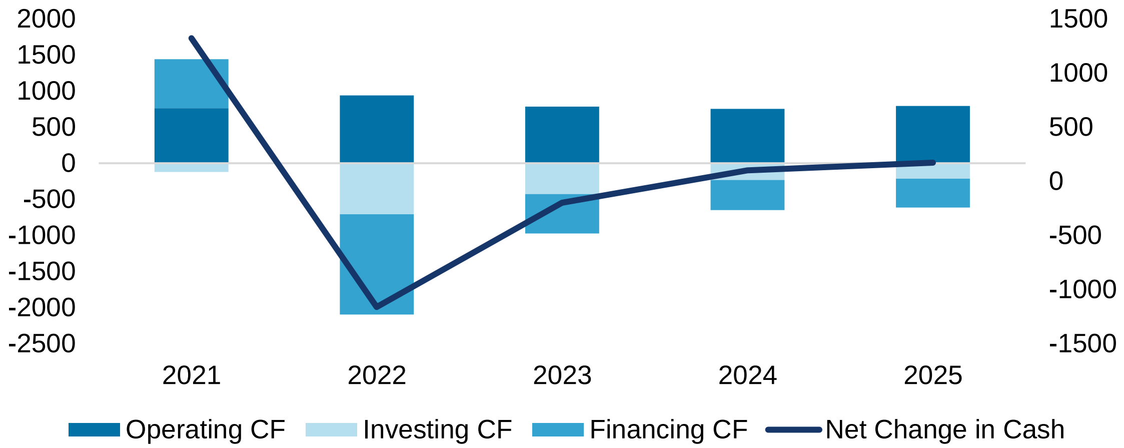
Share of Revenue per Country (in mn and %)



Funding Structure (in mn)



Cash Flow Development (in mn)



Appendix

DCF-Model

DCF Valuation	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E	TV
Valuation Date: Jun 15, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2026	Mar 31, 2027	Mar 31, 2028	Mar 31, 2029	Mar 31, 2030	Mar 31, 2031	Mar 31, 2032	Mar 31, 2033	Mar 31, 2033
in € millions											
Net Sales	**3,626.9**	**3,865.4**	**4,139.2**	**4,771.4**	**5,130.7**	**5,520.3**	**5,942.9**	**6,330.7**	**6,670.9**	**6,951.9**	
Growth YoY (%)	*n.a.*	*6.6%*	*7.1%*	*15.3%*	*7.5%*	*7.6%*	*7.7%*	*6.5%*	*5.4%*	*4.2%*	
Gross Profit	2,610.4	2,784.5	2,961.5	3,404.2	3,662.5	3,942.3	4,241.8	4,515.1	4,754.8	4,950.1	
Gross Profit Margin (%)	*72.0%*	*72.0%*	*71.5%*	*71.3%*	*71.4%*	*71.4%*	*71.4%*	*71.3%*	*71.3%*	*71.2%*	
EBITDA	915.9	940.3	1,008.7	1,153.2	1,232.0	1,316.3	1,406.8	1,488.3	1,560.1	1,616.3	
EBITDA Margin (%)	*25.3%*	*24.3%*	*24.4%*	*24.2%*	*24.0%*	*23.8%*	*23.7%*	*23.5%*	*23.4%*	*23.3%*	
EBIT	**669.9**	**691.9**	**778.6**	**892.7**	**966.9**	**1,047.6**	**1,131.5**	**1,208.1**	**1,276.8**	**1,332.5**	
EBIT Margin (%)	*18.5%*	*17.9%*	*18.8%*	*18.7%*	*18.8%*	*19.0%*	*19.0%*	*19.1%*	*19.1%*	*19.2%*	
- Taxes	(37.8)	(105.0)	(121.2)	(137.9)	(150.1)	(163.7)	(177.8)	(190.8)	(202.8)	(212.8)	
Tax rate (%)											
NOPLAT	**632.1**	**586.9**	**657.4**	**754.7**	**816.9**	**883.9**	**953.7**	**1,017.3**	**1,074.0**	**1,119.7**	
+ Depreciation & Amort.	246.0	248.4	230.1	260.5	265.0	268.6	275.3	280.2	283.4	283.8	
- Change in NWC	(56.1)	(45.3)	(4.0)	138.1	(25.8)	(27.9)	(28.6)	(25.9)	(22.7)	(16.3)	
- Capital Expenditures	(203.7)	(210.9)	(249.2)	(277.5)	(270.2)	(288.8)	(279.8)	(297.7)	(277.0)	(287.1)	
- Merger Costs			(696.6)								
Unlevered FCF	**618.3**	**579.1**	**(62.3)**	**875.9**	**785.9**	**835.8**	**920.6**	**974.0**	**1,057.5**	**1,100.1**	**1,122.1**
in % of Net Sales	*17.0%*	*15.0%*	*(1.5%)*	*18.4%*	*15.3%*	*15.1%*	*15.5%*	*15.4%*	*15.9%*	*15.8%*	
Reinvestment Rate, % NOPLAT	*2.2%*	*1.3%*	*3.5%*	*(16.1%)*	*3.8%*	*5.4%*	*3.5%*	*4.3%*	*1.5%*	*1.8%*	
Partial Period Adjustment			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
Adjusted UFCFs			**(62.3)**	**875.9**	**785.9**	**835.8**	**920.6**	**974.0**	**1,057.5**	**1,100.1**	**27,240.6**
WACC (%)			*6.12%*	*6.12%*	*6.12%*	*6.12%*	*6.12%*	*6.12%*	*6.12%*	*6.12%*	*6.12%*
Periods for Discounting			1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	8.00
Discount Factor			0.94	0.89	0.84	0.79	0.74	0.70	0.66	0.62	0.62
PV of Adjusted UFCFs			**(58.7)**	**777.8**	**657.6**	**659.1**	**684.1**	**682.0**	**697.8**	**684.0**	**16,938.2**

PV Sum of Adjusted UFCFs	*22.0%*	4,783.7
PV of Terminal Value	*78.0%*	16,938.2
Enterprise Value (EV)	*100.0%*	**21,721.9**
- Total Debt (incl. Leases)		(1,828.2)
+ Cash & ST Investments		686.9
= (Net Debt)		**(1,141.3)**
- Preferred Shares		0.0
- Non-controlling Interests		(20.0)
- Long-Term Provisions		(81.4)
Implied Equity Value		**20,479.2**
/ Shares Outstanding		59.6
Implied Price per Share	**CHF**	**343.61**

Sensitivity

Share Price

	TV g				
WACC	*1.0%*	*1.5%*	***2.0%***	*2.5%*	*3.0%*
5.12%	366.88	410.53	468.17	547.82	665.05
5.62%	321.95	355.03	397.25	453.01	530.06
6.12%	285.85	311.61	**343.61**	384.46	438.40
6.62%	256.22	276.71	301.63	332.60	372.12
7.12%	231.48	248.07	267.89	292.01	321.98

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WACC Calculation

Components

General

Valuation Date	13.06.2025
Market Cap, as of Jun 15, 2025	15,146.4
Implied Equity Value (circular)	20,479.2
Net Debt as of Q4 2025	1,141.3
Capital Structure Assumption	Constant D/E

Cost of Equity

Risk-free Rate (Rf)	*2.86%*
Unlevered Beta (β_{UL})	0.61
Market Return (R_m)	*7.26%*
Implied Market Risk Premium (MRP)	*4.40%*
Country Risk Premium (CoE)	*0.55%*

Cost of Debt

Credit Spread	1.41%
Tax Rate	16.10%
Country Risk Premium (CoD)	0.00%

Additional Premia

Inflation Differential	*0.00%*
Size Premium	*0.00%*

WACC Calculation

Financials as of Q4 2025

Cost of Equity	
Risk-free Rate	*2.86%*
Unlevered Beta (β_{UL})	***0.61***
Implied D/E Ratio	*7.54%*
Relevered Beta	0.66
Market Risk Premium	*4.40%*
Country Risk Premium (CRP CoE)	*0.55%*
Inflation Differential	*0.00%*
Size Premium	*0.00%*
Cost of Equity (CoE)	***6.31%***
Cost of Debt	
Risk-free Rate	*2.86%*
Credit spread	*1.41%*
Country Risk Premium (CRP CoD)	*0.00%*
Inflation Differential	*0.00%*
Size Premium	*0.00%*
Cost of Debt (CoD)	***4.27%***
Effective Tax Rate (t)	*16.1%*
Cost of Debt (After-tax)	***3.58%***

WACC Calculation

Net Debt (EoP)	1,141.3
Market Cap, as of Jun 15, 2025	15,146.4
Implied EV	**16,287.7**
Equity / Value *(capped at 100%)*	*93.0%*
Debt / Value	*7.0%*
WACC (Modigliani Miller)	***6.12%***

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Income Statement

Income Statement	FY 2021A	FY 2022A	FY 2023A	FY 2024A	FY 2025A	FY 2026E	FY2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E
in € millions	31 Mar 2021	31 Mar 2022	31 Mar 2023	31 Mar 2024	31 Mar 2025	31 Mar 2026	31 Mar 2026	31 Mar 2027	31 Mar 2028	31 Mar 2029	31 Mar 2030	31 Mar 2031	31 Mar 2032	31 Mar 2033
						pre merger	**post merger**							
Hearing Instruments Segment	**2,417.4**	**3,084.0**	**3,451.4**	**3,347.9**	**3,561.4**	**3,780.8**	**x**	**4,372.0**	**4,685.7**	**5,024.4**	**5,390.2**	**5,725.6**	**6,020.8**	**6,266.2**
Hearing Instruments business	1,463.9	1,838.4	1,809.3	1,697.7	1,821.4	1,942.8	x	2,393.3	2,553.9	2,725.7	2,909.8	3,077.2	3,223.4	3,344.3
Audiological Care business	953.5	1,236.8	1,357.8	1,410.5	1,487.5	1,552.9	x	1,656.8	1,767.9	1,886.9	2,014.3	2,130.2	2,231.4	2,315.2
Consumer Hearing business	0.0	8.8	284.3	239.7	252.5	285.0	x	322.0	363.9	411.7	466.0	518.3	565.9	606.7
							x							
Cochlear Implants Segment	**184.5**	**279.9**	**286.9**	**278.9**	**303.9**	**358.4**	**x**	**399.3**	**445.0**	**495.9**	**552.7**	**605.0**	**650.2**	**685.7**
Cochlear Implant systems	129.3	175.8	185.4	185.5	214.9	239.4	x	266.8	297.3	331.3	369.3	404.2	434.4	458.1
Upgrades and accessories	55.2	104.1	101.5	93.4	89.0	119.0	x	132.5	147.7	164.6	183.5	200.8	215.8	227.6
Net Sales	**2,601.9**	**3,363.9**	**3,738.4**	**3,626.9**	**3,865.4**	**4,139.2**	**x**	**4,771.4**	**5,130.7**	**5,520.3**	**5,942.9**	**6,330.7**	**6,670.9**	**6,951.9**
Growth YoY (%)	*n.a.*	*29.3%*	*11.1%*	*(3.0%)*	*6.6%*	*7.1%*	*x*	*15.3%*	*7.5%*	*7.6%*	*7.7%*	*6.5%*	*5.4%*	*4.2%*
- Cost of Sales	(728.3)	(903.3)	(1,101.0)	(1,016.5)	(1,080.9)	(1,159.7)	x	(1,347.4)	(1,446.5)	(1,554.0)	(1,674.7)	(1,786.2)	(1,884.0)	(1,967.4)
- Tarrif Expense						(18.0)	x	(19.8)	(21.8)	(24.0)	(26.4)	(29.4)	(32.1)	(34.4)
Gross Profit	**1,873.6**	**2,460.6**	**2,637.4**	**2,610.4**	**2,784.5**	**2,961.5**	**x**	**3,404.2**	**3,662.5**	**3,942.3**	**4,241.8**	**4,515.1**	**4,754.8**	**4,950.1**
Gross Profit Margin (%)	*72.0%*	*73.1%*	*70.5%*	*72.0%*	*72.0%*	*71.5%*	*n.a.*	*71.3%*	*71.4%*	*71.4%*	*71.4%*	*71.3%*	*71.3%*	*71.2%*
Research and development	(204.8)	(230.5)	(244.6)	(239.0)	(235.1)	(265.1)	x	(305.6)	(328.6)	(353.6)	(380.6)	(405.5)	(427.3)	(445.3)
Sales and marketing	(924.1)	(1,137.6)	(1,316.4)	(1,346.0)	(1,465.1)	(1,520.8)	x	(1,748.3)	(1,874.9)	(2,011.7)	(2,159.8)	(2,294.4)	(2,411.0)	(2,505.6)
General administration	(125.1)	(332.4)	(329.6)	(355.5)	(392.4)	(396.9)	x	(457.6)	(492.0)	(529.4)	(569.9)	(607.1)	(639.7)	(666.7)
+ Depreciation of PPE	64.3	65.7	73.3	71.9	74.4	74.6	x	103.3	104.1	103.8	105.1	104.9	106.0	104.9
+ Depreciation of right to use assets	67.9	65.0	73.4	77.0	74.2	62.7	x	62.6	64.9	68.1	72.0	76.5	77.2	78.8
+ Amortization of intangible Assets	90.5	80.5	92.9	97.1	99.8	92.8	x	94.7	96.0	96.7	98.2	98.8	100.1	100.1
EBITDA	**842.3**	**971.3**	**986.4**	**915.9**	**940.3**	**1,008.7**	**x**	**1,153.2**	**1,232.0**	**1,316.3**	**1,406.8**	**1,488.3**	**1,560.1**	**1,616.3**
EBITDA Margin (%)	*32.4%*	*28.9%*	*26.4%*	*25.3%*	*24.3%*	*24.4%*	*x*	*24.2%*	*24.0%*	*23.8%*	*23.7%*	*23.5%*	*23.4%*	*23.3%*
- Depreciation & Amortization	(222.7)	(211.2)	(239.6)	(246.0)	(248.4)	(230.1)	x	(260.5)	(265.0)	(268.6)	(275.3)	(280.2)	(283.4)	(283.8)
EBIT	**619.6**	**760.1**	**746.8**	**669.9**	**691.9**	**778.6**	**x**	**892.7**	**966.9**	**1,047.6**	**1,131.5**	**1,208.1**	**1,276.8**	**1,332.5**
EBIT Margin (%)	*23.8%*	*22.6%*	*20.0%*	*18.5%*	*17.9%*	*18.8%*	*x*	*18.7%*	*18.8%*	*19.0%*	*19.0%*	*19.1%*	*19.1%*	*19.2%*
- Financial Result & Other	(19.1)	(31.8)	(31.0)	(22.5)	(39.9)	(26.0)	x	(36.2)	(35.1)	(31.2)	(27.4)	(23.5)	(17.4)	(11.2)
EBT	**600.5**	**728.3**	**715.8**	**647.4**	**652.0**	**752.6**	**x**	**856.5**	**931.8**	**1,016.5**	**1,104.0**	**1,184.6**	**1,259.4**	**1,321.3**
- Taxes	(15.2)	(64.5)	(57.4)	(37.8)	(105.0)	(121.2)	x	(137.9)	(150.1)	(163.7)	(177.8)	(190.8)	(202.8)	(212.8)
Taxes	**(15.2)**	**(64.5)**	**(57.4)**	**(37.8)**	**(105.0)**	**(121.2)**	**x**	**(137.9)**	**(150.1)**	**(163.7)**	**(177.8)**	**(190.8)**	**(202.8)**	**(212.8)**
Tax Rate (%)	*2.5%*	*8.9%*	*8.0%*	*5.8%*	*16.1%*	*16.1%*	*x*	*16.1%*	*16.1%*	*16.1%*	*16.1%*	*16.1%*	*16.1%*	*16.1%*
Net Income	**585.3**	**663.8**	**658.4**	**609.6**	**547.0**	**631.4**	**x**	**718.6**	**781.8**	**852.8**	**926.2**	**993.8**	**1,056.6**	**1,108.5**
	22.5%	*19.7%*	*17.6%*	*16.8%*	*14.2%*	*15.3%*	*x*	*15.1%*	*15.2%*	*15.4%*	*15.6%*	*15.7%*	*15.8%*	*15.9%*

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Balance Sheet

Balance Sheet	FY 2021A	FY 2022A	FY 2023A	FY 2024A	FY 2025A	FY 2026E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E
in € millions	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
Current Assets						**pre merger**	**post merger**							
Cash and cash equivalents	1,772.2	610.5	413.9	513.6	686.9	922.9	316.3	848.5	1,266.7	1,210.0	1,611.4	1,557.5	1,492.9	1,685.8
Trade receivables	438.8	474.3	524.7	538.3	576.9	599.2	683.1	690.7	742.7	799.1	860.3	916.4	965.6	1,003.6
Inventories	302.3	412.7	419.1	435.6	468.5	490.5	575.5	569.8	611.7	657.2	708.2	755.4	796.8	829.8
Other current assetss	108.1	162.1	155.1	165.0	179.0	184.6	193.5	212.8	228.9	246.2	265.1	282.4	297.6	309.2
Total Current Assets	**2,621.4**	**1,659.6**	**1,512.8**	**1,652.5**	**1,911.3**	**2,197.2**	**1,768.3**	**2,321.9**	**2,850.0**	**2,912.6**	**3,445.0**	**3,511.6**	**3,552.9**	**3,828.3**
Non-Current Assets														
Property, Plant & Equipment (PP&E)	335.5	358.9	371.1	380.2	379.6	398.2	525.6	529.7	528.3	534.9	533.8	539.7	533.7	533.2
Right-of-use-assets	261.6	273.8	288.4	269.6	238.0	237.4	237.4	246.4	258.4	273.1	290.3	292.9	299.1	303.7
Intangible Assets excl. Goodwill	727.7	948.2	951.4	909.7	861.0	861.3	878.3	891.0	897.5	911.2	917.0	928.9	928.9	933.0
Goodwill	1,694.1	2,000.7	2,106.5	2,128.9	2,123.6	2,123.6	2,383.7	2,383.7	2,383.7	2,383.7	2,383.7	2,383.7	2,383.7	2,383.7
Other non current assets	285.5	346.9	322.2	451.0	410.7	410.7	435.0	435.0	435.0	435.0	435.0	435.0	435.0	435.0
Total Non-Current Assets	**3,304.4**	**3,928.5**	**4,039.6**	**4,139.4**	**4,012.9**	**4,031.1**	**4,460.0**	**4,485.8**	**4,502.9**	**4,537.9**	**4,559.8**	**4,580.3**	**4,580.4**	**4,588.6**
Total Assets	**5,925.8**	**5,588.1**	**5,552.4**	**5,791.9**	**5,924.2**	**6,228.3**	**6,228.3**	**6,807.6**	**7,352.9**	**7,450.5**	**8,004.8**	**8,091.9**	**8,133.3**	**8,416.9**
Current Liabilities														
Current financial liabilities	375.7	374.2	22.2	18.8	373.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current lease liabilities	58.9	68.8	73.4	74.3	68.7	61.9	61.9	64.1	67.1	70.8	75.1	75.9	77.5	78.7
Trade payables	103.2	189.2	192.9	202.4	269.0	241.4	241.4	280.5	301.1	323.5	348.6	371.8	392.2	408.4
Other short-term liabilities	567.8	721.8	661.6	714.2	670.1	743.6	743.6	863.9	927.4	996.3	1,073.7	1,145.2	1,208.0	1,258.0
Short-term provisions	148.1	151.6	154.0	128.3	118.5	118.5	118.5	118.5	118.5	118.5	118.5	118.5	118.5	118.5
Total Current Liabilites	**1,253.7**	**1,505.6**	**1,104.1**	**1,138.0**	**1,500.1**	**1,165.4**	**1,165.4**	**1,326.9**	**1,414.1**	**1,509.1**	**1,615.9**	**1,711.4**	**1,796.1**	**1,863.6**
Non-Current Liabilities														
Non-current financial liabilities	1,208.9	959.9	1,591.6	1,576.1	1,205.8	1,216.3	1,216.3	1,216.3	1,216.3	716.3	616.3	416.3	166.3	166.3
Non-current lease liabilities	212.4	215.5	223.5	204.8	179.9	185.8	185.8	192.5	201.5	212.6	225.6	227.8	232.7	236.3
Other long-term liabilities	312.0	326.1	297.9	287.4	272.3	272.3	272.3	272.3	272.3	272.3	272.3	272.3	272.3	272.3
Long Term provisions	166.0	148.3	104.0	94.4	81.4	81.4	81.4	81.4	81.4	81.4	81.4	81.4	81.4	81.4
Total Non-Current Liabilities	**1,899.3**	**1,649.8**	**2,217.0**	**2,162.7**	**1,739.4**	**1,755.8**	**1,755.8**	**1,762.5**	**1,771.5**	**1,282.6**	**1,195.6**	**997.8**	**752.7**	**756.3**
Shareholders' Equity														
Share capital	3.2	3.2	3.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Treasury shares	(306.9)	(721.0)	(429.0)	(3.8)	(5.6)	(5.6)	(5.6)	(5.6)	(5.6)	(5.6)	(5.6)	(5.6)	(5.6)	(5.6)
Retained earnings and reserves	3,051.6	3,128.2	2,638.4	2,471.2	2,667.2	3,289.6	3,289.6	3,700.7	4,149.9	4,641.3	5,175.7	5,365.2	5,567.1	5,779.5
Non controlling interests	24.5	22.3	18.9	20.9	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Total Shareholders' Equity	**2,772.4**	**2,432.7**	**2,231.4**	**2,491.3**	**2,684.6**	**3,307.0**	**3,307.0**	**3,718.1**	**4,167.3**	**4,658.7**	**5,193.1**	**5,382.6**	**5,584.5**	**5,796.9**
Total Liabilities and Equity	**5,925.4**	**5,588.1**	**5,552.5**	**5,792.0**	**5,924.1**	**6,228.2**	**6,228.2**	**6,807.5**	**7,352.8**	**7,450.4**	**8,004.7**	**8,091.8**	**8,133.2**	**8,416.8**

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Appendix

Cashflow Statement

Cashflow Statement	FY 2021A	FY 2022A	FY 2023A	FY 2024A	FY 2025A	FY 2026E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E
in € millions	31 Mar 2021	31 Mar 2022	31 Mar 2023	31 Mar 2024	31 Mar 2025	31 Mar 2026	31 Mar 2026	31 Mar 2027	31 Mar 2028	31 Mar 2029	31 Mar 2030	31 Mar 2031	31 Mar 2032	31 Mar 2033
						pre merger	post merger							
EBT	**600.5**	**728.3**	**715.8**	**647.4**	**652.0**	**752.6**	**x**	**856.5**	**931.8**	**1,016.5**	**1,104.0**	**1,184.6**	**1,259.4**	**1,321.3**
+ Depreciation of PPE	64.3	65.7	73.3	71.9	74.4	74.6	x	103.3	104.1	103.8	105.1	104.9	106.0	104.9
+ Depreciation of right to use assets	67.9	65.0	73.4	77.0	74.2	62.7	x	62.6	64.9	68.1	72.0	76.5	77.2	78.8
+ Amortization of intangible Assets	90.5	80.5	92.9	97.1	99.8	92.8	x	94.7	96.0	96.7	98.2	98.8	100.1	100.1
+/- Financial (income)/expenses, net excl. cash flow from management of foreign currencies and exchange (gains)/losses	21.0	34.9	14.6	17.3	23.0	0.0	x	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Share based payments	31.3	33.5	21.0	22.8	20.4	0.0	x	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+/- Other non-cash items	6.6	(0.9)	(46.6)	(49.6)	(5.7)	0.0	x	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Income taxes paid	(76.3)	(46.7)	(86.8)	(74.6)	(99.0)	(121.2)	x	(137.9)	(150.1)	(163.7)	(177.8)	(190.8)	(202.8)	(212.8)
Cash Earnings	**805.8**	**960.3**	**857.6**	**809.3**	**839.1**	**861.5**	**x**	**979.1**	**1,046.8**	**1,121.4**	**1,201.5**	**1,274.0**	**1,340.0**	**1,392.3**
+/- Chg. in trade receivables and prepaid expenses	(37.6)	(58.8)	(60.4)	(35.1)	(70.8)	(22.3)	x	(7.6)	(52.0)	(56.4)	(61.2)	(56.1)	(49.3)	(37.9)
+/- Chg. in Inventories	(36.3)	(55.2)	(7.7)	(19.0)	(35.9)	(22.0)	x	5.6	(41.9)	(45.5)	(51.0)	(47.2)	(41.4)	(33.0)
+/- Chg. trade payables	32.6	95.2	(5.5)	(2.0)	61.4	(27.6)	x	39.1	20.6	22.4	25.1	23.2	20.4	16.2
+/- Chg. in non current assets						(5.6)	x	(19.4)	(16.0)	(17.4)	(18.9)	(17.3)	(15.2)	(11.7)
+/- Chg. in short-term liabilities						73.5	x	120.3	63.5	68.9	77.4	71.5	62.7	50.0
Cash from Working Capital	**(41.3)**	**(18.8)**	**(73.6)**	**(56.1)**	**(45.3)**	**(4.0)**	**x**	**138.1**	**(25.8)**	**(27.9)**	**(28.6)**	**(25.9)**	**(22.7)**	**(16.3)**
Net Cash Flow from Operating Activities	**764.5**	**941.5**	**784.0**	**753.2**	**793.8**	**857.5**	**x**	**1,117.2**	**1,021.0**	**1,093.5**	**1,172.9**	**1,248.1**	**1,317.2**	**1,376.0**
- Purchase of property, plant and equipment	(89.2)	(106.6)	(154.3)	(85.3)	(89.8)	(93.1)	x	(107.4)	(102.6)	(110.4)	(104.0)	(110.8)	(100.1)	(104.3)
- Purchase of intangible assets	0.0	1.9	2.0	(43.3)	(47.8)	(93.1)	x	(107.4)	(102.6)	(110.4)	(104.0)	(110.8)	(100.1)	(104.3)
+/- Other chash influencing investing activities	(32.5)	(601.3)	(276.0)	(105.4)	(75.1)	0.0	(696.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow from Investing Activities	**(121.7)**	**(706.0)**	**(428.3)**	**(234.0)**	**(212.7)**	**(186.3)**	**x**	**(214.7)**	**(205.2)**	**(220.8)**	**(208.0)**	**(221.6)**	**(200.1)**	**(208.6)**
+ Proceeds from borrowings	1,002.5	0.0	649.2	0.0	0.0	0.0	x	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Repayment of borrowings	(230.0)	(360.0)	(330.0)	0.0	(0.9)	(363.3)	x	0.0	0.0	(500.0)	(100.0)	(200.0)	(250.0)	0.0
- Repayment of lease liabilities	(66.7)	(64.0)	(75.9)	(75.1)	(73.3)	(63.0)	x	(62.7)	(65.0)	(68.0)	(71.8)	(76.2)	(76.9)	(78.6)
- Share buybacks	(25.1)	(678.1)	(446.2)	0.0	0.0	0.0	x	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+/- Net purchase of treasury shares	7.1	(53.5)	(40.3)	(31.4)	(38.1)	0.0	x	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Dividends paid to shareholders of Sonova Holding AG	(0.2)	(201.6)	(267.6)	(274.1)	(256.2)	(0.2)	x	(297.0)	(323.1)	(352.4)	(382.8)	(795.0)	(845.3)	(886.8)
- Dividends to non-controlling interests	0.0	(15.4)	(12.7)	(8.2)	(7.4)	(8.7)	x	(10.5)	(9.5)	(8.9)	(9.0)	(9.3)	(9.4)	(9.2)
Net Cash Flow from Financing Activities	**687.6**	**(1,372.6)**	**(523.5)**	**(388.8)**	**(375.9)**	**(435.2)**	**x**	**(370.2)**	**(397.6)**	**(929.3)**	**(563.6)**	**(1,080.5)**	**(1,181.6)**	**(974.6)**
+/- Effect of exchange rates changes on cash and cash equivalents	3.3	(4.5)	(7.0)	(4.3)	(5.9)	0.0	x	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net change in cash and cash equivalents	**1,333.7**	**(1,141.6)**	**(174.8)**	**126.1**	**199.3**	**236.0**	**x**	**532.3**	**418.2**	**(56.7)**	**401.4**	**(53.9)**	**(64.5)**	**192.8**

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