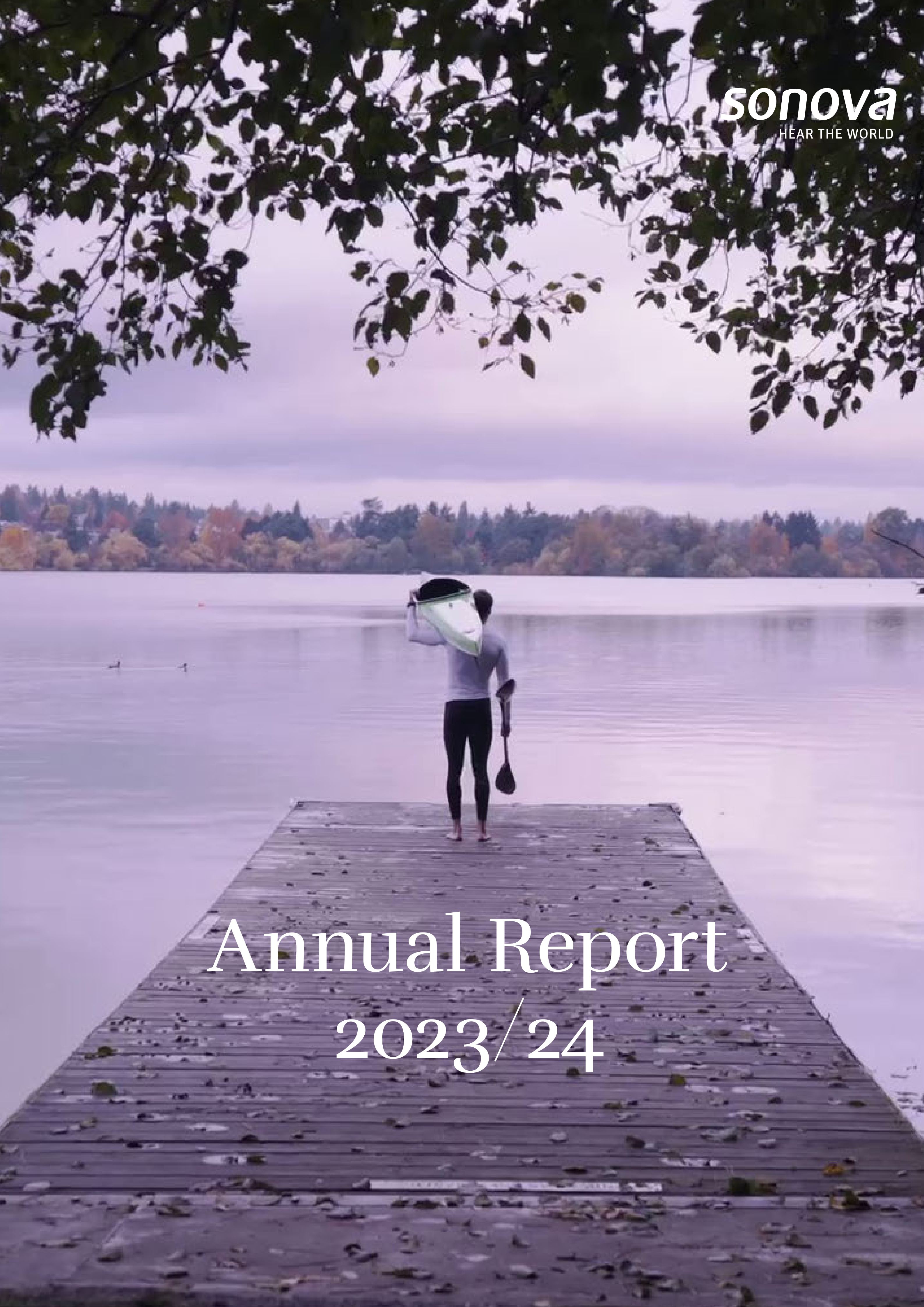


sonova
HEAR THE WORLD

Annual Report 2023/24

Table of content

Dear shareholders,

After some anticipated temporary challenges in the first half of the 2023/24 financial year, Sonova saw more robust momentum in the second half and ended the year on a positive note. We continued to implement our strategy, systematically and comprehensively: advancing our product portfolio, extending direct engagement with our consumers, and delivering continuous improvement in our operational and commercial execution. These achievements give us a solid foundation on which we will build in the coming financial year.

Among the highlights of the year were the introduction of new technology solutions, which include extending the benefits of the Lumity hearing aid platform across the Phonak portfolio. At the same time, we continued our strong investment into fundamental innovation that will be demonstrated in exciting new products to be launched in the near future. We further expanded our Audiological Care network through acquisitions and new store openings, and successfully integrated HYSOUND in China. We entered the emerging over-the-counter hearing aid market in the US with All-Day Clear, a new self-fitting hearing aid sold under the Sennheiser brand. And we significantly extended the capabilities of our cochlear implants portfolio with our unique Remote Programming solution.

Basic audiological research continues to drive our innovation. Recent studies supported by Phonak and reported in *The Lancet* and elsewhere showed that treating hearing loss can slow the rate of decline in cognitive abilities among older adults with increased risk for brain disorders like dementia. Phonak has therefore introduced a dedicated awareness program for hearing care professionals and the people they serve to highlight this issue.

"Our accelerating growth through the year reflects our focus on key strategic initiatives."

Robert Spoerry

In operations, our new Mexicali facility for the Americas has begun production and promises substantial reduction in delivery time and costs, while optimizing our global supply chain and helping us to further reduce our CO_2 emissions.

The financial year also saw some temporary challenges. More than in any year in the past decade, adverse currency exchange-rate developments reduced results reported in Swiss francs. And in the first half of the financial year, our Hearing Instruments business was still affected by the non-renewal of a single major US contract.

These challenges notwithstanding, our results for the year are solid and show improving sales momentum through the second half-year. We remain confident in the effectiveness of our strategy as a generator of profitable growth. You can find additional details in the strategy & businesses section of this report.

Innovation is a team effort: in this year's feature story our employees share, in their own words, how they bring the delight of hearing to people worldwide through passion, experience, and dedication.

Hearing Instruments segment

Sales in the Hearing Instruments segment rose by 3.2% in local currencies, largely driven by the good performance of the Audiological Care business. Despite challenges in the first half of the year, the Hearing Instruments business saw solid growth in the second half, as we have solved our temporary operational issues. After strong growth in the previous year, performance in the Consumer Hearing business was impeded by generally weak demand in the consumer electronics market, along with the issue of inconsistent performance from some batteries provided by a now deselected external supplier for one of our key products.

The Hearing Instruments business further extended the reach of our Phonak Lumity platform, making the latest technology accessible to even more consumers. Among many new product launches were a battery-powered Audéo Lumity hearing aid, for those who prefer multi-day power to daily recharging; Terra and Terra+, offering quality hearing and connectivity for budget conscious consumers; and new entries in the Sky and Naída families, bringing the benefits of Lumity technology to children and to adults with severe-to-profound hearing loss. Unitron's new Vivante platform was launched in April and extended through the year. Hearing Instruments also made further strong progress on product reliability, in which the Phonak Lumity platform achieved a continued improvement compared to its already dependable predecessor.

The Audiological Care business saw positive development throughout the year, thanks both to organic growth and acquisitions. Good organic sales were enabled by continuous improvements in consumer care processes, versatile approaches to bringing people in-store, and close co-operation with key stakeholders such as Ear, Nose, and Throat specialists (ENTs). We further expanded our network through bolt-on acquisitions and continued the successful integration of HYSOUND, a leading nationwide audiological care chain in China that we acquired in December 2022. HYSOUND has performed ahead of plan during its first full year with Sonova. China has attractive growth potential and we are convinced that this high quality business will allow us to further expand our presence there in the coming years.

The Consumer Hearing business saw negative sales development, for the reasons mentioned above. Integration, however, is complete and the focus is now on achieving sustained profitable growth by engaging consumers with premium products and reaching them early on their hearing journey. An important element of this was Sonova's entry into the over-the-counter hearing instrument market with the US launch in June 2023 of the Sennheiser All-Day Clear, which targets mild to moderate hearing loss. In addition we launched a number of new audio products, such as our MOMENTUM True Wireless 4 earbuds, introduced in February 2024, which include more than a dozen improvements over their predecessor in connectivity, sound quality, and active noise cancellation.

Cochlear Implants segment

Sales for the Cochlear Implants segment, which conducts its business through the Advanced Bionics brand, rose by 3.6% in local currencies. System sales continued their year-on-year growth, while upgrade sales were down due to the lower remaining number of recipients awaiting an upgrade as the Marvel CI sound processor range enters its third post-launch year. Marvel CI's capabilities have been significantly enhanced by our Remote Programming solution, enabled through Phonak's unique universal Bluetooth® connectivity, which allows recipients to have their processors adjusted by their audiologists at a long distance via smartphone. This enables self-sufficiency for recipients while providing immediate, easy connection to professional support when necessary.

Financial performance

In the 2023/24 financial year, the Group achieved consolidated sales of CHF 3,626.9 million, an increase of 3.2% in local currencies (4.8% excluding the previously mentioned non-renewed large US hearing instruments contract). Continued and significant strengthening of the Swiss franc reduced reported sales by CHF 232.9 million, resulting in a sales decrease of 3.0% in Swiss francs. The main growth drivers were the strong performance of the Audiological Care business, both from organic and acquisition growth, and the acceleration of Hearing Instruments in the second half of the financial year.

Reported operating profit before acquisition-related amortization (EBITA) was CHF 727.0 million, up by 3.6% in local currencies but down 9.3% in Swiss francs. Adjusted for restructuring, transaction, integration, and certain legal costs, EBITA was up 4.4% in local currencies but down 8.2% in Swiss francs at CHF 771.4 million. Adverse currency exchange-rate developments reduced the adjusted EBITA by CHF 106.1 million. This represents a margin of 21.3%, compared to 22.5% in the 2023/23 financial year. Excluding the currency exchange-rate effects, the operating margin was up by 0.3 percentage points. Compared to the 2022/23 figure of CHF 11.14, adjusted earnings per share (EPS) were up 6.4% in local currencies but down 9.6% in Swiss francs at CHF 10.06.

Returning cash to shareholders

At the Annual General Shareholders' Meeting (AGM) in June 2024, the Board of Directors will propose a dividend of CHF 4.30 per share. This represents a stable payout ratio, in line with our total shareholder return strategy, of around 40%. Over the past ten years, the dividend has risen by a compound annual growth rate of 9.2%.

The Group intends to maintain a healthy balance sheet in line with our moderate leverage target ratio of 1.0 – 1.5x net debt to EBITDA. In the absence of any larger acquisitions and subject to the cashflow development in Swiss francs, Sonova expects to resume share buybacks under its current program during the second half of the 2024/25 financial year.

Environmental, social, and governance (ESG)

At the 2024 AGM, shareholders will for the first time have a vote on non-financial matters, presented in the Sonova ESG Report. During the 2023/24 financial year we continued to implement *IntACT*, our ESG strategy, which is delivering significant year-on-year improvements. For example, around two thirds of leadership positions were hired from within the organization, reflecting our drive to grow talent and build leadership internally. We also increased the share of women in senior management from 22.0% to 28.3% and middle management from 36.4% to 39.9%.

The Science Based Targets initiative (SBTi) officially approved Sonova's greenhouse gas reduction targets for Group operations (scope 1 and 2) and value chain (scope 3) emissions. On a comparable basis, we have already achieved a 28% reduction of total scope 1-3 CO_2 emissions since 2019.

We continued to receive consistently high ESG ratings in the 2023/24 financial year across the major ratings and indices, including the highest possible MSCI rating of AAA and a tenth consecutive year of inclusion in the Dow Jones Sustainability Index, ranking fourth out of 279 companies in the healthcare equipment and supplies industry.

You will find further and more detailed information in our ESG Report.

Changes to the Board of Directors and to the Management Board

Gilbert Achermann has been nominated by the Board of Directors for election at the 2024 AGM as a new independent Board member. From 2010 to April 2024, he served as Chair of the Board of Directors of the Straumann Group, a global dental industry leader, having previously served as its CFO and CEO for a very successful period of more than 12 years. In 2020 he became a member, and in 2022 Chair, of the Board of Directors at Ypsomed Group, a manufacturer of injection and infusion systems.

With his in-depth understanding of the medical technology sector and his successful track record as CEO as well as his experience as Chair of multiple company boards, we are confident he will make a significant contribution to Sonova's future growth. The Board of Directors has made it clear that, as part of its commitment to medium-term succession planning, Gilbert Achermann will be nominated to succeed current Chair Robert Spoerry at the 2025 AGM.

After the end of the 2023/34 financial year, we announced the following appointments to the Management Board: Lilika Beck, Managing Director Connect Hearing Canada in Sonova's Audiological Care business, was appointed GVP Consumer Hearing, after Martin Grieder passed away in a tragic accident at the beginning of April. Oliver Lux, Managing Director Audiological Care Germany, was appointed GVP Audiological Care, succeeding Christophe Fond, who will pursue an opportunity outside the hearing care industry after successfully leading the business for seven years. Both appointments are effective as of June 2024.

Alistair Simpson will join Sonova as GVP Cochlear Implants and succeed Victoria Carr-Brendel, who has decided to retire from executive roles for personal reasons after successfully leading the business since 2019. Alistair brings longstanding expertise in the medical device industry and has a successful track record in various senior leadership positions in the sector. His appointment will take effect as of July.

Our gratitude and appreciation go to Martin, Christophe and Vicky for their contributions to Sonova's success, and we wish Lilika, Oliver and Alistair all the best in their new roles.

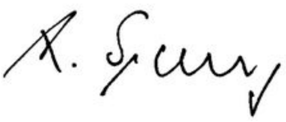
Our thanks

The unwavering dedication and enthusiasm of our employees carry us forward, surmounting challenges and achieving solid results; we are deeply grateful. We also thank our consumers, whose wish for better hearing inspires all our work, along with the professionals who bring them our solutions. Finally, we remain profoundly thankful for the trust of our shareholders, which provides the firm foundation for our strategy to deliver sustainable, profitable growth.

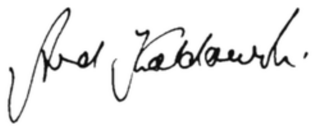
Outlook

Sonova's solid and improving performance over this financial year confirms the strong fundamentals of our business and the soundness of our strategy. We are well positioned to accelerate growth and to engage with yet more consumers at more points on their hearing journey. The coming financial year will include further significant product launches that will elevate our industry-leading performance and drive growth, particularly in the second half-year. We therefore expect to see a year-on-year rise of 6 – 9% in consolidated sales, and of 7 – 11% in adjusted EBITA measured at constant exchange rates, with stronger momentum in both during the second half-year.

> "I look forward to a significant year for us, continuing our momentum with exciting product launches in the coming months."
>
> Arnd Kaldowski



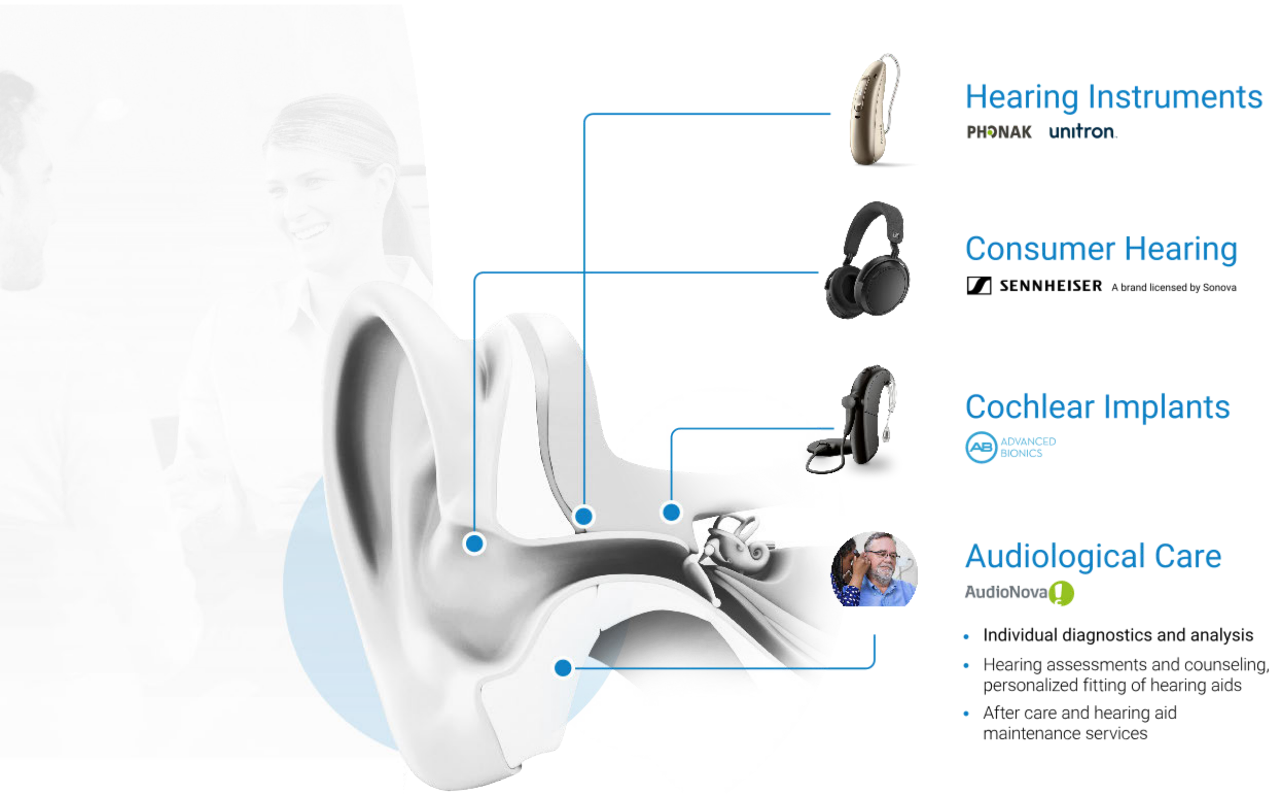
Robert Spoerry
Chair of the Board of Directors



Arnd Kaldowski
CEO

Our product and service offering

Sonova 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. Our product brands – Phonak, Unitron, Sennheiser (under license), and Advanced Bionics – create compelling new products to offer the optimal solution for an ever growing consumer base through our globally diversified sales and distribution channels, including our well established global audiological care business.



Phonak

Expanding the Phonak Audéo™ Lumity platform

The Phonak Lumity hearing aid platform delivers an enlightening hearing experience. Over the past year, we broadened the Lumity portfolio to address the unique requirements of kids, teenagers and adults with severe-to-profound hearing loss, as well as individuals with unaidable hearing loss in one ear. People of all ages and hearing loss levels can now benefit from Lumity technology including improved speech understanding, universal connectivity, and outstanding sound quality.

Phonak SmartSpeech™ Technology is a collection of features that AutoSense OS™ 5.0 seamlessly adapts, each feature proven to provide either improved speech understanding or reduced listening effort in many listening environments. This technology not only highlights Phonak's dedication to providing the best possible solution for speech understanding but benefits your well-being as it has been shown from scientific literature to reduce listening effort that can free up cognitive resources.[1)]

[1)] Additional information available at: https://www.phonak.com/en-int/professionals/audiology-hub/evidence-library

Unitron

Unitron Vivante™ platform portfolio grows

Unitron's successful Vivante™ platform introduced in April 2023 added four new products to the portfolio over the course of the year. By expanding the Vivante portfolio we have the opportunity to provide our latest technology to even more hearing aid wearers and help them live life to the fullest and enjoy all the sounds that come with it.

Moxi™ V-RS is an innovative rechargeable hearing aid that combines style, aesthetics and functionality and is a modern alternative to traditional hearing aids. Moxi V-312 is Unitron's smallest RIC in the Vivante portfolio with a traditional battery. Stride V-PR is a BTE that features a smooth seamless design with the convenience of rechargeability. Unitron also recently released the Stride V-UP which is the Ultra Power BTE designed specifically for those with severe-to-profound hearing loss. These launches further strengthen the Vivante portfolio, providing Unitron's best sound performance yet, Made For All connectivity, a style to fit consumers' life-styles and needs and compelling technology at all levels to meet clients lifestyles and budgets. If their lifestyle, budget or hearing needs change, Unitron's unique FLEX:UPGRADE™ means their hearing instruments can evolve with them. From start to finish hearing aid wearers can feel good about the entire hearing care experience.

We also introduced our refreshed Unitron Remote Plus app that provides a modern, user-centric experience that allows for easy navigation for controlling and personalizing their hearing aids and two modes, a classic and an advanced mode to give wearers more choice with the level of their interaction.

AudioNova

Hearing Care Academy: The catalyst to realizing our Audiological Care vision

We are enabling the pinnacle audiology of tomorrow by unleashing the full potential of our hearing healthcare professionals (HCPs).

The ability to deliver personalized audiology solutions and elevate the required standard of audiological care is essential as we become the most trusted global brand in hearing care. With our vast footprint and expansive network of stores across the globe, engaging HCPs, sharing best practices, and creating unique learning experiences is not without its difficulties.

Sonova Audiological Care's Hearing Care Academy brings to life the AC vision of creating a global network of academies to connect, educate, and train HCPs to meet the growing demand for high quality, holistic care that differentiates us in the market. The Hearing Care Academy aims to set the global standard for audiological training and education, raise the standard of care, enable recruitment, retention, and engagement of HCPs, and create the pinnacle audiology experience that will enable the delivery of holistic hearing care across our global network. The benefits to its participants are far-reaching and lifelong. HCPs will be able to access personalized learning when they need it, engage in best-practice exchange, and have direct access to internal and external experts. For those HCPs who are doing outstanding work in the field, they will have opportunities to be recognized as experts and support their peers around the world.

Through our dynamic platform, students can become HCPs and HCPs can become experts, allowing us to ensure everyone can enjoy the delight of hearing and live a life without limitations.

In the 2023/24 financial year, the Hearing Care Academy has successfully trained over 400 hearing care professionals and onboarded over 500 graduate students to follow the curriculum in the coming year.

Sennheiser

Sennheiser MOMENTUM True Wireless 4

Announced to at CES Las Vegas in January 2024 and greeted with numerous 'Best of CES' awards, MOMENTUM True Wireless 4 is Sennheiser's[1)] latest flagship earbuds.

Introducing an exciting era for wireless audio, MOMENTUM True Wireless 4 provides an unparalleled fusion of sound quality, cutting-edge features, and personalized comfort. With a commitment to user-centric innovation, the earbuds deliver a neatly tailored audio journey to a consumer demanding both individual adaptation and versatility in everyday situations.

Loaded with more than a dozen enhancements and larger-than-life sound, MOMENTUM True Wireless 4 is Sennheiser's most capable earbud yet. It delivers unparalleled sound for the connected audio aficionado, with an impressive roster of connectivity built on the Qualcomm® S5 Sound Gen 2 platform and Snapdragon Sound™ Technology for aptX™ lossless sound quality and ultra-low latency.

The Bluetooth® 5.4 earbuds also bring Auracast™ support and an overhauled antenna design for exceptional signal continuity while on the go. Improved Adaptive ANC, evolved tuning, and an upgraded battery system make them an everyday companion for all of life's adventures, among other practical enhancements. Available in three colors, the fourth-generation MOMENTUM buds boast 7.5 hours of continuous audiophile-inspired listening, a Qi charging case, and quick charging over USB-C.

1) Sennheiser is a registered trademark of Sennheiser electronic GmbH & Co. KG and is used under license by Sonova

The Bluetooth® word mark is a registered trademark owned by the Bluetooth SIG, Inc. and any use of such marks by Sonova AG is under license.

Advanced Bionics

Marvel CI Expansion with Remote Programming and CROS

The collaboration between Advanced Bionics (AB) and Phonak continues to yield industry-first innovations which change the cochlear implant landscape. AB's best-performing sound processor Marvel CI can now be fully programmed remotely by the audiologist with the new Target CI version 1.5 and Remote Support app and is now also the only CI system to feature a CROS device.

Cochlear implant patients often have difficulty getting to their appointments if they have to travel long distances or navigate mobility issues and busy schedules. Target CI version 1.5, developed together with Phonak, allows audiologists to remotely and directly adjust settings for their patients' Marvel CI and compatible Phonak hearing aid or CROS through the new Remote Support app. Patients can discuss their progress, get their questions answered in real-time, and receive full programming without a visit to the clinic. Remote programming is another step towards improving accessibility for hearing healthcare for as many people as possible.

Together with Phonak, AB remains the only manufacturer to offer linked two-ear solutions with hearing aids and cochlear implants designed to communicate and work together as a pair. Now AB's Marvel is also the only CI system with a CROS (Contralateral Routing of Signal) device. For people who have severe to profound hearing loss in both ears but hear with only one Marvel CI, having a CROS device on the other ear allows it to pick up sounds from that side and transmit them to the Marvel CI. This way, listeners can have a more complete sense of their surroundings and follow conversations from all directions. Together with a pair of Marvel CI sound processors, or a bimodal pairing with Marvel CI and a Phonak Link M hearing aid, the introduction of CROS makes Marvel the only CI system with linked bilateral, bimodal, and CROS configurations.

Note: Remote Programming is recommended for recipients 13 years and older. Advanced Bionics cochlear implants are indicated with severe to profound bilateral sensorineural hearing loss (≥ 70 dB HL) and for pediatrics with profound bilateral sensorineural hearing loss (≥ 90 dB HL).

Strategy and businesses

We drive innovation by transforming solutions, redefining services, and enriching interactions throughout the consumer hearing journey.

Hearing is connecting to the world: the soothing sounds of nature make us feel at home in our surroundings. Music links us to other people and cultures. The voices of friends and loved ones offer us energizing social interaction. Sonova's ultimate goal is to deepen and enrich these connections, bringing the delight of hearing to people at every stage of their journey with innovative technology and services, easy-to use interfaces, and seamless access to our professional support through multiple points of contact.

The Sonova Group

The Sonova Group is a leading global provider of hearing care solutions. Its businesses are deeply connected, sharing innovation, customer access, talent, and market expertise across their various activities. They collaborate in R&D, manufacturing, marketing, sales, and customer support to ensure sustained, fruitful contact with consumers, business partners, and hearing care professionals. The Group's structured innovation process develops new breakthrough capabilities for ever-better hearing experience, while rapidly extending the benefits of new technologies right across the industry's broadest solutions portfolio.

Sonova consists of four businesses. Each serves its unique customer segment through established and well-known brands, but they also cooperate to address the full range of hearing needs in a continuous, life-long consumer journey, supported through multiple (increasingly digital) channels and extending from audiophile equipment through solutions for every type of hearing loss to hearing-related medical services.

The Hearing Instruments business, with its well respected Phonak and Unitron brands, is a global innovation leader in hearing aids and wireless communications devices, regularly launching new technology platforms that advance consumers' ability to hear and actively engage in life.

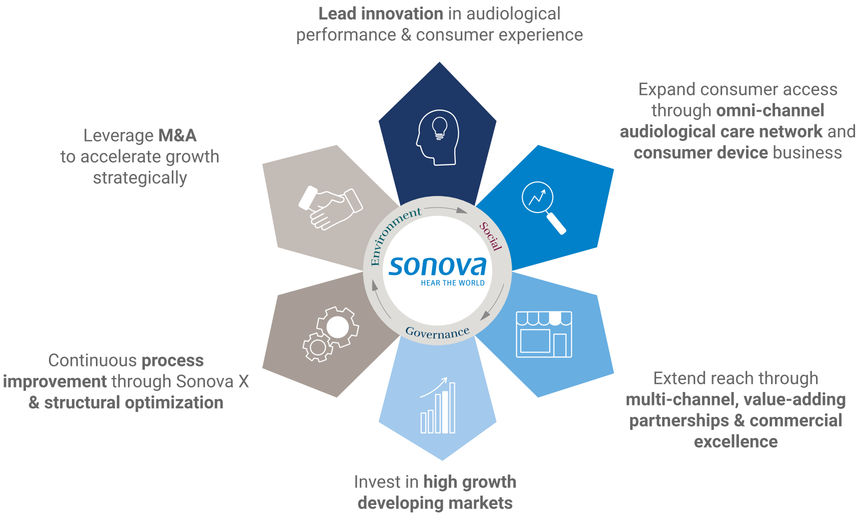
Audiological Care, represented principally by the AudioNova brand, provides consumers with expert professional hearing care and the full range of Sonova products using an "omnichannel" approach that gives consumers the choice of how they interact with us – whether through our fast-growing network of physical stores or our integrated suite of digital channels.

Consumer Hearing, operating under license through the Sennheiser brand, provides immersive hearing experiences at home and on the go with its range of soundbars, audiophile, and true wireless premium headphones – extending to innovative new early-entry hearing products that bridge the gap to hearing aids.

Cochlear Implants, operating globally under the Advanced Bionics brand, links the audiological innovations of Phonak with its own expertise in cochlear implant design to provide new solutions for those whose hearing loss is too advanced for hearing aids.

A proven strategy

Our strategy is straightforward and unchanged, because it has proven to be effective. We aim to lead innovation, expand consumer access, extend customer reach, invest in high-growth markets, drive continuous improvement, and leverage M&A to accelerate growth.



Each of these strategic vectors offers its own set of growth opportunities. Industry-leading innovations in hearing performance introduced with Phonak's Lumity platform have been extended across the Hearing Instruments product portfolio, and a substantial step-up in R&D investment has set the stage for further fundamental breakthroughs to be revealed in the near future. Remote programming in our Advanced Bionics cochlear implants, enabled by Phonak technology, transforms the experience of patients and audiologists alike, saving travel and waiting time, and offering patients the chance to be more self-sufficient. Sennheiser's temperature and heartbeat-sensing MOMENTUM Sport earbuds and All-Day Clear over-the-counter hearing aids in the US open up new growth paths for Sonova. Further store openings, well-integrated acquisitions, and evolving digital sales and support channels in Audiological Care broaden consumer access and spur growth in high-potential markets. And the initiatives across the Group established through Sonova X, our business system and mindset to improve processes, have freed up resources to invest in further growth and have meaningfully improved the delivery, quality, and reliability of our products and services, further enriching the consumer's experience.

The evolving consumer journey

People's desire for good hearing lasts a lifetime, but the ways of fulfilling that desire change over time. Our aim is to accompany our consumers throughout their lifelong journey, offering multiple opportunities to connect, explore, and understand how we can broaden and deepen their hearing experience.

It begins with scale: Sonova, as a global company focused on hearing, offers the same high level of engagement as well as the same broad portfolio of innovative solutions to people everywhere. Our companies work together to leverage our capabilities across our different businesses, sharing market, technology, and audiology insights – as well as access to consumers when their hearing needs change and require a more powerful solution.

Our products are built around audiological performance and connectivity: all our hearing aids link seamlessly to virtually all phones, tablets, and laptops; our new Sennheiser MOMENTUM True Wireless 4 earbuds feature Auracast™ broadcast audio, a new Bluetooth® LE Audio standard. Our Marvel CI cochlear implant sound processors allow remote programming via the patient's mobile device. The technology itself helps to open up new horizons and initiate dialog between the consumer and Sonova.

In the Audiological Care business, a dedicated in-house team ensures that our first contact with the consumer – whether digital, on the phone, or in person – is established on the basis of real interest, not just a demographic profile. This personal, informed approach through online and offline channels establishes strong, trustful relationships with consumers at a younger age and earlier in their hearing journey. Our tinnitus-management app, SilentCloud™, offers consumers and hearing care professionals a unique benefit that naturally leads to conversation about other hearing needs. The experience-based format of our World of Hearing stores gives consumers and their families a self-paced introduction to the reality of hearing loss and the available solutions. Meanwhile call centers, audiology stores, online communities, and phone-based apps enable an "anywhere, anytime" connection to consumers.

This omnichannel ecosystem, combining proven in-person service with novel online engagement powered by connectivity, reflects Sonova's commitment to elevating the consumer journey, and opens up unique opportunities to build consumer loyalty, expand value, and drive sustainable growth.

ESG: sustainable business success

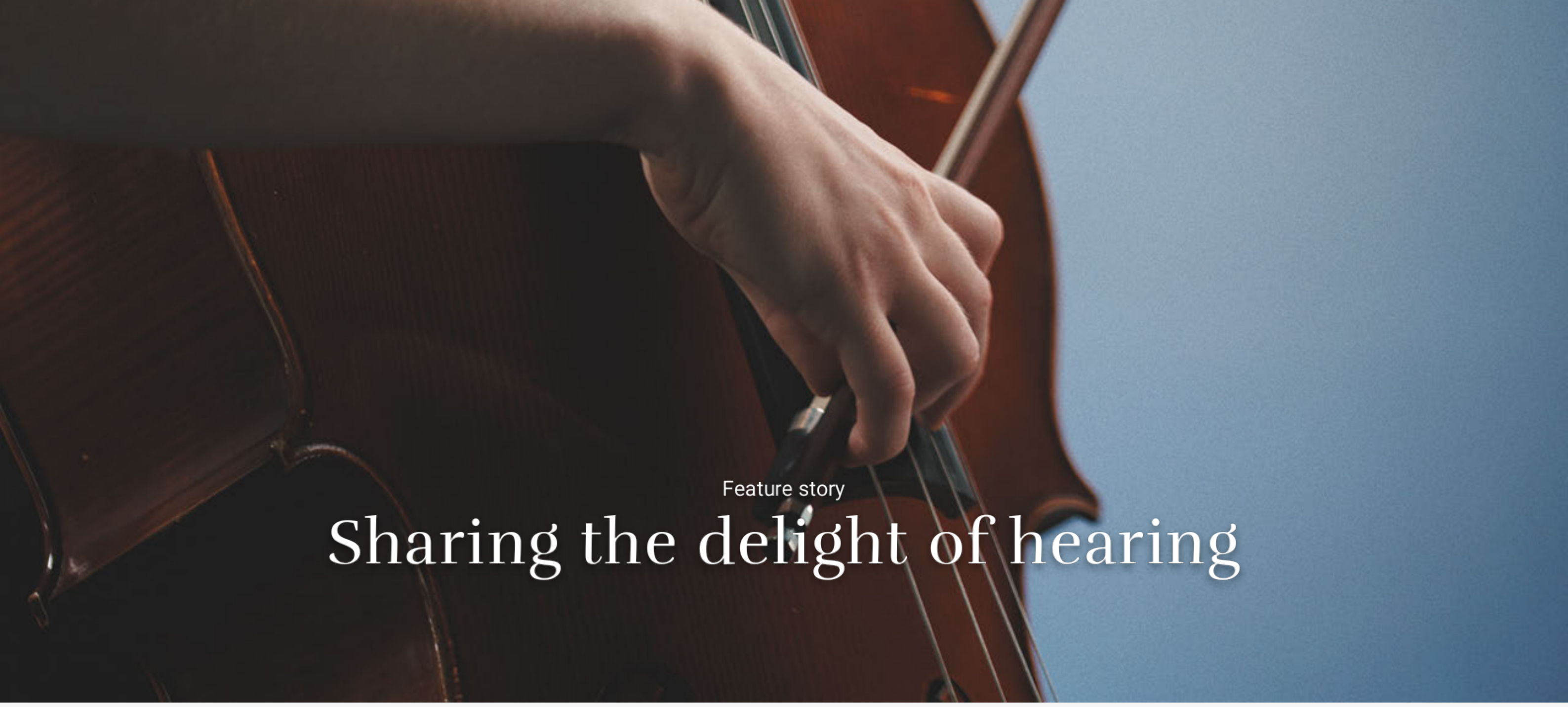
We remain convinced that constantly improving our environmental, social, and governmental (ESG) performance goes hand-in-hand with our long-term market success: good ESG practice is good business practice. Each year we make substantial progress in implementing *IntACT*, our ESG strategy.

IntACT continues to deliver year-on-year achievements across key sustainability topics: in this financial year, our diversity and inclusion (D&I) initiatives have further increased the share of women in senior and middle management positions over the previous year (from 22.0% to 28.3% and from 36.4% to 39.9%, respectively), and we have further improved our high employee engagement level (currently 83%) in 2023.

We are achieving significant environmental footprint reductions, including a 28% reduction in our Scope 1-3 CO_2 emissions since 2019 on a comparable basis. Despite growing our business by 3.2% in local currencies, we have reduced our total packaging weight by 9.4% compared to the 2022/23 financial year. Our climate targets have been officially approved by the Science Based Targets initiative (SBTi).

Sonova's ratings from external ESG agencies and indices remain consistently high: for the first time, MSCI has awarded us their highest-possible AAA ESG rating. Sustainalytics ranked us in second place out of more than 200 assessed companies in the medical devices industry, and we are included in the Dow Jones Sustainability Index for the tenth consecutive year, ranking fourth out of 279 companies in the health care equipment and supplies sector.

You can find further detailed information in our ESG report.



Feature story

Sharing the delight of hearing

Experiencing the little things, the big things, and everything in between: that's the delight of hearing. From engineers to audiologists, business leaders to operations teams, every one of our more than 18,000 employees around the world is involved in bringing our vision to life. Making it possible for people to get lost in sound, catch every word, hear again – or for the very first time – is the motivation to do the best job we can. It is a personal passion too.

Our shared purpose connects our businesses and our people globally, and we are delighted to see how much it inspires our employees every day.

Having an impact

The joy that Teresa Wenhart finds in sound energizes her work as an Audiological Engineer in our Hearing Instruments business. For Teresa, sound is music. Teresa plays the cello, and divides her time between developing our audiological technology and performing. Sound quality is especially important to Teresa as a musician, and that passion motivates her research into ways to upgrade the performance of our range of hearing solutions for customers. “I want to improve how people experience sound,” she says.

"Being able to hear with the best possible sound quality adds so much to our lives."

Teresa Wenhart, Audiological Engineer, Hearing Instruments business

For audiological professionals like Naeem Randera and Sarah Downing, sharing the delight of hearing is one of the most fulfilling parts of their job. Audiology is frequently a personal calling, and Naeem knew he wanted to help others after supporting his father through progressive hearing loss from otosclerosis. “When a customer says, ‘I can hear my grandkids now’, knowing you’ve made that happen is a great feeling,” says Naeem, who works for the Boots Hearingcare brand in the UK.

Sarah has spent her whole career being captivated by what hearing technology can do, a passion she passes on to the teams she leads as Vice President of Global Marketing for our Advanced Bionics brand, whose cochlear implants treat the most severe forms of hearing loss. Her desire to help burns as bright as ever. Sarah says, “I thought it would never get old watching someone hear again, or for the first time, and I was right!”

Left to right: Sarah Downing and a colleague, Naeem Randera, Sandy Brandmeier and her father

Bringing purpose to work

Hearing healthcare is more than a job for Sonova USA President Sandy Brandmeier. “Anyone I meet who is not addressing their hearing loss, I just can’t help myself from speaking up,” she says. Sandy went as far as wearing hearing aids herself to persuade her father to come around to the idea. For Sandy, seeing the joy her father finds in everyday sounds brings home the purpose of our work. “I want to do something that matters,” she reflects. “Here, we don’t think of it in terms of how many hearing aids we ship out the door, we think about the lives those hearing aids will change.”

Keeping the customer in mind is just as important to Guillermo Salcedo, the leader of our new operations facility in Mexicali, Mexico, where Advanced Bionics and Hearing Instruments products are made in two separate operation centers. After training as an industrial engineer, Guillermo made a conscious choice to work in health technology. He finds it rewarding to be part of an industry where the products have a positive impact on people’s lives. Guillermo makes sure every new joiner in Mexicali watches customer experience videos on their first day on the job so they appreciate the outcome of their work. “It brings us closer to the customer knowing that a person will use what we make here,” he says. Working at Sonova has taught Guillermo a lot about hearing health. When he goes clay shooting with friends, he’s the one recommending hearing protection.

"My team appreciates that every product we build is going to change lives."

Guillermo Salcedo, Senior Director of Operations Management & Administration

It was the opportunity to do meaningful work that attracted Violey Xie to Sonova as well. She says, “The vision of our company really resonates with me.” As the Human Resources partner for Sonova in China, Violey interacts with colleagues rather than customers but like Guillermo, she has a clear understanding of how her team contributes to the delight of hearing. By improving employee engagement, Violey and her colleagues know they are helping to provide a better hearing experience for customers.

Left to right: Guillermo Salcedo and colleagues, Violey Xie, KianAnn Ng

Experiencing a world of sounds

Music is a big part of KianAnn’s life too. KianAnn always has his Sennheiser True Wireless earbuds with him, and his affinity with the customers of our Consumer Hearing business means he’s especially invested in his work as a project manager. KianAnn drives the development of new products from drawing board to commercial launch. Market-leading innovation is never easy. KianAnn says staying focused on the purpose behind the product helps maintain resolve through the ups and downs of the journey. Seeing another product take off in the market is always an emotional moment for KianAnn: “It’s like watching my children grow up.”

While some love to get lost in sound, for others it’s about being taken somewhere else. Teresa is fascinated by the connection between sound, health and wellbeing. She speaks from the heart when she says, “Music has this ability to transport us out of our daily lives into an emotional world of sounds.” From the low notes to the high notes, and everything in between, we’re proud to be able to help so many people enjoy all the delights of hearing.

Strategy and businesses

Hearing Instruments business

We drive our market leadership through consumer-centered innovation and value-added services.

Sonova's Hearing Instruments business, operating through our Phonak, Unitron, and other specialist brands, is a market-leading developer, manufacturer, and supplier of hearing aids and wireless communication products. We are innovators, continuously advancing the hearing experience through a regular cycle of new technology platforms, each extending to meet ever more consumer hearing-aid needs. We serve consumers through multiple channels, including independent audiologists and ear, nose, and throat clinics, large hearing care chains, and government health agencies. Our goal is to deepen and broaden connections: between the consumer and the world of natural sound, and between the health care professional and the consumer. We harness our deep audiological expertise to achieve this goal through constant efforts to boost audiological performance by enhancing our products' processing power, intelligence, and reliability, through our technology-enabled solutions to complement that performance and improve quality of life, and through our close engagement with our institutional and business customers to help them deliver the best service.

Our strategy drives us to seek excellence in each aspect of our business: in continuous innovation, in extending the breadth of our solutions portfolio, in enriching the experience of our business partners and the consumers they serve, and in improving our processes and expanding market access.

Innovating for all consumers

Launched in August 2022, Phonak's Audéo Lumity hearing aid set new standards for ease of communication and reduced listening effort. Lumity's sophisticated directional microphone technology produces 16% better speech understanding from the front and an average of 15% better speech intelligibility from the back and side, while the SpeechEnhancer feature significantly improves communication with someone across a room.[1)]

Audéo Lumity's customer penetration matches that of its predecessor Audéo Paradise, and its innovative capabilities have now been launched across Phonak's product portfolio. Already available in the uniquely waterproof rechargeable Phonak Audéo Life, Lumity has been incorporated into Phonak Slim, a new form factor with a sleek ergonomic shape, launched in April 2023.

And in August 2023, Lumity was extended to all ages of consumer and degrees of hearing loss through the Phonak Naída range of power hearing aids and Sky pediatric solutions. It is also available in a battery model for consumers who prefer multi-day power over daily recharging. All models work seamlessly with our proven Roger wireless systems, and include our unique universal Bluetooth® connectivity to virtually all smartphones, tablets, and laptops.

Our continuous innovation cycle yields substantial improvements, even as we extend established benefits to all consumers: we are always working to further elevate the core audiological performance of our hearing aids by increasing processing power and harnessing sophisticated speech-enhancing algorithms. Each successive technology platform has introduced a significant improvement in the hearing experience – and we are confident that our strongly increased investment in R&D in recent years will deliver important new benefits for our consumers in the very near future.

Continuous, consumer-focused improvement includes commitment to quality, stability, and reliability in our hardware and software. Consumers rely on their hearing aid as a companion that enriches and eases their daily life. Hearing care professionals spend valuable time dealing with reliability issues when they could be delivering personal care. That is why we continue to invest substantially in the reliability of our hardware components, charging technology, software stability, and uninterrupted connectivity – and it is why we are proud of the results: the cumulative return rate for repair of Audéo Lumity hearing aids was 30% better than that of its predecessor, Audéo Paradise. Since the launch we have achieved an additional 30% reduction through continuous improvement. Dependability, added to best-in-class speech clarity, makes Audéo Lumity a trusted and reliable solution for consumers.

Improving commercial excellence and enhancing the customer experience

We operate in more than a hundred countries: we understand how our business partners' needs differ across our various markets. Our integrated sales and marketing process helps us bring the right proposal for our customers through the appropriate channel. We provide them with marketing help and training, along with a range of hardware and software solutions that add value for their consumers and support the growth of their business.

Commercial excellence is at the core of a good customer relationship and we work hard to further enhance these trustful relationships. Workforce planning and excellence in training of our colleagues help us respond quickly and positively to customer needs: in the US, such initiatives led to a significant improvement in our Net Promoter Score for customer support accessibility since the start of the financial year.

We strongly believe that well-hearing is well-being – and there is evidence to prove this. A recent study[2)] published in *The Lancet* found that hearing intervention slowed down loss of thinking and memory abilities by 48% over three years in older adults at increased risk for cognitive decline such as a loss of concentration and recall. Meanwhile, a University of Melbourne study[3)] found that, comparatively, these abilities remained stable after three years for hearing aid users but declined for non-hearing aid users. We recognize the importance of enhancing cognitive health, and so do our customers – so we have launched a dedicated awareness and training program that aims to give hearing care professionals the knowledge and tools to better integrate cognitive health topics such as memory and concentration into their discussions with clients.

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1) Additional information available at: https://www.phonak.com/en-int/professionals/audiology-hub/evidence-library

2) Lin, F.R., Pike, J.R., Albert, M.S., et al. (2023). Hearing intervention versus health education control to reduce cognitive decline in older adults with hearing loss in the USA (ACHIEVE): a multicentre, randomised controlled trial. doi: 10.1016/S0140-6736(23)01406-X

3) The ENHANCE Study: Evaluation of Hearing Aids and Cognitive Effects. The University of Melbourne. Retrieved from https://healthsciences.unimelb.edu.au/research-groups/audiology-and-speech-pathology-research/hearing-and-cognition-research-program/research/remediation-hearing-aids, accessed January 18, 2024.

Strategy and businesses

Audiological Care business

We bring the strengths of Sonova – audiological and medical expertise delivered through multiple channels – to a growing global market.

Our Audiological Care business employs close to 9,000 people, serving more than two million people through its more than 3,600 audiological stores as well as numerous shop-in-shops, part-time locations, and mobile clinics in 20 countries across five continents. Our goal is to establish long-term, trusting connections with our consumers, in which personal attention from our expert hearing care professionals merges seamlessly with support and information provided in-store, online, over the phone, and through our dedicated AudioNova apps. This omnichannel approach enhances consumer satisfaction, frees audiologist time for focused care, increases market awareness of the value of Sonova solutions, and builds an efficient, profitable global business.

Our strategy for the future is to continue to build on our strengths, further expanding consumer access and enriching consumer experience. We are continuously improving processes in each of our stores and across our global network. We are deepening our digital offering with new capabilities and content, including technology-enabled medical services. We are investing in the audiological training of our hearing care professionals. And we are expanding the physical network by opening new stores and making complementary acquisitions.

Elevating the consumer journey

Our flagship World of Hearing stores, launched five years ago and now operating in 13 markets, showcase the wide breadth of our offering, from Sennheiser audiophile and hearing-enhancing products through the full range of Sonova hearing aids and accessories. The stores' welcoming wide-open spaces connect to calm and quiet treatment rooms, all served by expert staff with time to answer questions and provide guidance.

For many visitors the most important space is the Experience Room, where they can hear how different hearing aids perform in a variety of virtual situations, such as a concert or noisy restaurant – and where friends and family can hear simulations of what their loved one's hearing loss is actually like. Buying a hearing aid is often a shared decision; having the experience of the real value that our hearing aids offer can help everyone make the right choice. The result is that World of Hearing consumers make their first purchase at a younger age and choose a more advanced technology than those who have not had the experience of its benefits: hearing is believing.

In a marketplace where purchasers are often hesitant to take the first step, attracting the first-time consumer is a vital challenge. Our dedicated in-house lead-generation team connects us with new, younger consumers, generating a higher conversion rate and average purchase value – all at a lower cost – than would be possible using an outside agency. But there are also valuable services we provide on this journey, to help establish and strengthen that first contact.

For example: tinnitus is a condition often associated with a significant hearing loss. Our SilentCloud™ app is a medically-regulated tool for self-paced tinnitus management that offers therapies, education, and counseling by audiological care experts. At the same time, it opens a way to start a one-to-one conversation about hearing, and to mobilize the data to support and inform each consumer's future hearing care. Ear, nose, and throat specialists and other hearing care professionals can see how our medical solutions add value, and therefore feel comfortable in recommending us. These professional referrals are a very important step in beginning a trusted relationship with the consumer. And when the referred consumer has been fitted with a hearing aid, our MyAudioNova app, known to some as "the audiologist in your pocket," continues the easy-to-use, user-controlled, information-rich, and personal contact that marks all our software offerings.

Expanding our network

Among the top ten World of Hearing stores in our network is one of the most recently opened: in Wuhan city, Hubei province, China. It is the biggest audiology store in the country, and most likely the busiest one. We have more than 200 points of sale in China, with sales per store well above the market average, and our overall local sales growth in the 2023/24 financial year has significantly outpaced our competitors.

There are some structural reasons for strong growth in China: the population is aging, with a proportional increase in the number of people with hearing loss – many of whom are nevertheless continuing to work or otherwise leading active lives. There is growing household income, which makes buying a technologically-advanced hearing aid more affordable. The Chinese government has acknowledged the role that good hearing plays in overall public health. And yet still only around 3% of people with "tested" hearing loss have a hearing aid.

There is therefore large potential demand – not necessarily for commoditized solutions. We began our involvement in the Chinese market through the online space and soon understood that Chinese consumers have a strong appetite for quality, innovation, medical value, and educational content. We opened our first stores with the intention of satisfying that appetite. And we acquired the HYSOUND network of around 200 audiological stores specifically because its team shares our values of high-quality consumer experience based on medical expertise.

In the US, we have successfully integrated the Alpaca audiology network, which has helped to expand our points of sale in this market from 200 two years ago to over 400 today. As with HYSOUND in China, we are rolling out globally uniform front- and back-office systems and services so that every store can benefit from the efficiencies of the whole network.

A personal service is only as good as its people. We are deeply aware of the importance of expert, individual care and advice to the success of our business, and therefore do not leave this to chance. We have established centers for in-depth audiological training in the US, China, Germany, the UK, France, and Brazil. These will enable more than 500 colleagues to become trained and licensed hearing care professionals in our growth markets in 2024, and we expect the figure to rise significantly over the coming years. We see this as a win-win investment: we are growing fast and need to assure that we have expert and motivated talent to deliver the best consumer experience: people who share our commitment to high-quality personal care. For our students, we are opening the doors to a fulfilling and interesting career, with the opportunity for periodic training in further specialization, such as pediatric care or cochlear implants.

Consumer Hearing business

Our passion for high-quality sound is the driving force to deliver premium hearing experiences to consumers.

Every life has its own soundtrack: our Consumer Hearing business, operating under the licensed Sennheiser brand, lets consumers experience their soundtrack to the fullest. Immersive soundscapes enfold them at home and outdoors; pulse-pounding music adds wings to their running shoes; and clearer conversations ensure their social lives stay vibrant and joyous.

Consumer Hearing products are designed to delight, reflecting Sennheiser's commitment to exceptional sound quality and Sonova's industry-leading expertise in hearing experience. Our four product categories comprise premium headphones, audiophile products, enhanced hearing solutions, and soundbars, each providing outstanding audio performance for a specific consumer setting.

Advancing our shared enterprise

Following the successful integration of Sennheiser's consumer division, we are working to take the combined business forward with active steps to grow sales and profitability in the coming years. We are optimizing our product portfolio with increased emphasis on higher-margin products that build on Sennheiser's strong brand in the premium market. We see good opportunities for growth and profitability in the direct-to-consumer sales channels and are investing further in these. We aim to lower production cost by leveraging Sonova's design and manufacturing expertise, setting expected margins at the design stage and bringing assembly processes in-house to Sonova's established operations facilities. And we are sharpening our focus on markets that have the highest growth potential: the US, China, and the digital channels.

Our management structure now follows the Sonova norm of a general manager for each country, driving improved transparency and profitability. Implementation of our Sonova X continuous improvement focus has created savings and efficiencies in all functional areas while sustaining a quality-centered product development process. The talent development and engagement processes and HR systems of the business are now aligned with the rest of the Group, reflecting our shared Sonova culture. Leveraging Sonova's approach, expertise and capabilities will enable the Consumer Hearing Business to drive profitable growth with significantly improved margins in the coming years.

Acclaimed new launches

This year has seen exciting new products launched across key categories, with strong reviews matched by a good initial market response. Those introduced at the 2024 Consumer Electronics Show (CES) were greeted with numerous "Best of CES" awards, showing that the industry recognizes our contributions to pushing the limits in audio innovation.

Our MOMENTUM True Wireless 4 premium earbuds meet consumer demand for audiophile-inspired lossless sound quality combined with comfort and convenience and enhanced by Bluetooth® LE Audio and Auracast™ functionality.

ACCENTUM Plus offers consumers exceptional sound quality in a wireless headphone, with driving bass, sharp definition, and an impressive up to 50-hour battery life.

MOMENTUM Sport is a true wireless earbud optimized for fitness, developed in partnership with Polar. It provides unprecedented biometric feedback – including body temperature and heart rate monitoring – along with superb audio quality. Our partnership with Polar provides access to biosensing capabilities and data analytics for both real-time insights and offline training analysis, and is seamlessly compatible with a broad ecosystem of connected sport devices and health apps.

A first step into the emerging early-entry hearing care market

Consumers deserve crisp, vibrant sound in all real-world situations, not just when listening to music or watching films. With this in mind, we have launched the Sennheiser All-Day Clear product family of ready-to-wear over-the-counter (OTC) hearing aids, cleared by the US Food and Drug Administration. They bring the Sennheiser tradition of outstanding sound quality to an entirely new market.

Available in two rechargeable designs, All-Day Clear is driven by Sonova technology, featuring intelligent scene detection and universal Bluetooth® connectivity to stream music and phone conversations from the consumers' phone, tablet, or laptop. All-Day Clear is designed for self-fitting and its performance can be customized via a dedicated phone app. For further peace of mind, consumers can also opt for in-store expert support from a hearing care professional.

All-Day Clear brings consumers earlier to the benefits of Sonova's expertise and solutions. Market research shows that consumer take-up for OTC hearing aids has not come at the expense of traditional prescription hearing aids, but is in fact expanding the overall market.

Cochlear Implants business

We bring the power of Sonova innovation to people with the most significant hearing loss.

Sonova’s Cochlear Implants business operates under the Advanced Bionics brand, which in 2023 celebrated 30 years at the frontier of hearing care, helping people with severe and profound hearing loss. A cochlear implant treats the most severe forms of hearing loss by bypassing the middle ear and stimulating the hearing nerve directly with an electrical signal. Sounds in the environment are converted into this signal by a sound processor worn behind the ear. This means that, thanks to close R&D cooperation between Advanced Bionics and Phonak, every new Phonak innovation in sound processing, speech enhancement, and connectivity has the potential to be applied to the Advanced Bionics cochlear implant.

We firmly believe that good hearing should be achievable for all people, regardless of the severity of their hearing loss, and that they should be able to control and fine-tune their hearing experience to their own preferences or have it self-adjust automatically. For severe and profound hearing loss, a cochlear implant may be the only technology that can functionally restore hearing; using one should be as straightforward and self-directed as possible.

The worldwide cochlear implant market has significant growth potential, with a large difference between the number of people who could benefit from the technology and those who use it today. Our strategy to bridge that gap is based on accelerating our innovation, maintaining strong focus on enhancing the experience of the people who choose our solutions and the professionals who serve them, connecting with potential candidates for our solutions, achieving commercial excellence through data and technology-supported process improvements, and strengthening the foundations of our business.

We are optimizing our production and distribution footprint to enable growth, improve supply chain security, and reduce costs. This initiative includes expanding our manufacturing capacity in Mexicali, Mexico over the course of the coming years. We continue to apply the Sonova X process improvement mindset and tools in our daily business. As a result, we have seen substantial reduction in cost-of-goods, improved referral rates, and increased selection as provider of choice. We have also achieved best-in-industry implant and external reliability rates, and the improved oversight of our product development cycle has brought increased efficiency and cost savings. This sharp focus on continuous and structural improvement enables us to further improve our profit margin, securing the best returns from ongoing investment into the business.

The audiology clinic in your pocket

Our powerful Marvel CI technology platform, with Phonak's unique Made For All™ universal Bluetooth® connectivity, continues to open up new avenues for enhanced patient experience: one of the most important is Remote Programming. Receiving a cochlear implant can be life-transforming for people of all ages with severe or profound hearing loss, but adoption of the technology can be restricted by limited access to care. A drive of three hours for a routine audiology appointment is hardly unusual, and the average adult cochlear implant recipient has at least six such appointments in the year after the implant is activated; pediatric patients have even more. Recipients are spending valuable time commuting to the center. Meanwhile, audiologists are spending time in the clinic trying to simulate the recipient's typical home listening conditions in order to adjust the processor.

Our new Remote Support app does not just check on the hardware's status – it actually allows recipients to have full in-depth remote consultations with their audiologist using their smartphone. A video chat function brings the recipient and the audiologist together over a secure connection. At the same time, cloud-based software lets the audiologist remotely and directly adjust the settings of the Marvel CI sound processors and compatible Phonak hearing aid – all in real time, as the recipient and audiologist converse. Advanced Bionics is the first to offer true remote programming: with it, the telehealth concept is becoming a reality for our recipients. In the future, remote assessment, rehabilitation tools, and an array of recipient-controlled apps to monitor and improve performance will offer even greater self sufficiency.

Shared expertise, shared consumer leads

Sonova is unique in the healthcare industry in that it not only shares technological innovation and market insights among its businesses, but also shares the consumers it addresses. Every person we serve is someone who cares about good hearing, whether it's an audiophile, a person with hearing loss, or a hearing care professional. So when their hearing experience changes, it makes sense to let people know how other parts of the Sonova Group can address that change with appropriate solutions.

For Advanced Bionics, the obvious point of referral is when a person's hearing loss goes beyond what even high-power hearing aids can address. It can be a difficult time for the consumer, because what has been a long-familiar solution now has to give way to something new and unknown. We have therefore set up a national system in the US, the Advanced Bionics Cochlear Implant Network, to work with audiologists to identify users of Phonak hearing aids who have reached the stage of hearing loss where a cochlear implant is the better solution. A similar initiative in Germany, now being extended throughout Europe, has been running for eleven years with great success. As of this year, some 35% of new Advanced Bionics recipients in Germany were referred by audiologists who dispense Phonak hearing aids or by Sonova's own Audiological Care business.

Corporate governance

Good governance supports responsible corporate behavior, transparency, and sustainable business practices.

Sonova's mission is to have a positive effect on our consumers' lives. This closely aligns with our aspiration to have a positive impact on society as a whole by running our business in a sustainable, responsible manner. "We take accountability" is one of our core values: Continuously improving our Environmental, Social, and Governance (ESG) performance is embedded throughout our business, and we strive to optimize these factors with the same level of dedication as we do our financial objectives. We see good corporate governance as an essential pillar of our ESG strategy, ensuring that the company is managed in the long-term interests of its key stakeholders. The details of what constitutes good corporate governance continue to evolve, and the Board of Directors, the CEO, and the Group Management Board constantly monitor developments to ensure that our commitments keep pace with expectations.

At Sonova, we uphold a strong foundation of corporate governance that adheres to established standards and practices. The company meets its legal duties under the Swiss Code of Obligations, the SIX Swiss Exchange Directive on Information relating to Corporate Governance, and the standards defined in the Swiss Code of Best Practice for Corporate Governance. This report describes the principles of corporate governance for the Sonova Group and provides background information on the Group's executive officers and bodies as of March 31, 2024. All relevant documents can be accessed at the corporate governance section of the Sonova website www.sonova.com/en/regulations-principles. For clarity and transparency, the Compensation Report is presented as a separate chapter of the annual report.

Group structure

Operational group structure

The Sonova Group is headquartered in Stäfa, Switzerland, and is active in over 100 countries. Sonova has subsidiaries in over 30 countries and a network of independent distributors serving additional markets. Details of its business segments can be found in Note 2.2 to the consolidated financial statements.

Listed companies

Sonova Holding AG is listed on the SIX Swiss Exchange. Of all the companies in the Sonova Group, only the ultimate parent company of the consolidated Sonova Group, Sonova Holding AG, is listed on any stock exchange.

Key data for the shares of Sonova Holding AG as of March 31, 2024:

	2024	2023	2022
Market capitalization in CHF million	15,569	16,428	24,486
In % of equity	625%	736%	1,007%
Share price in CHF	261.10	268.60	387.60

Registered office	8712 Stäfa, Switzerland
Listed on	SIX Swiss Exchange
Security number	1254978
ISIN	CH0012549785
Ticker symbol	SOON
Par value	CHF 0.05

Non-listed companies

Note 7.7 to the consolidated financial statements provides a list of the significant companies of the Sonova Group as of March 31, 2024. Companies are only listed if, during the financial year, at least one of the following criteria are met: (i) turnover exceeding 1% of the Sonova Group's turnover; (ii) more than CHF 100 million in assets; (iii) more than 200 full time employees; or (iv) greater than CHF 50 million of equity.

Shareholders

Registered shareholders

As of March 31, 2024, the shareholdings of registered shareholders were distributed as follows:

Number of shares	Registered shareholders 31.3.2024	Registered shareholders 31.3.2023
1 – 100	15,594	17,198
101 – 1,000	9,419	9,728
1,001 – 10,000	1,251	1,321
10,001 – 100,000	200	178
100,001 – 1,000,000	26	18
> 1,000,000	4	3
Total registered shareholders	**26,494**	**28,446**

Significant shareholders

According to notifications received from Sonova Holding AG shareholders under the Swiss Financial Market Infrastructure Act, the following shareholders held more than 3% of Sonova Holding AG's registered share capital as of March 31, 2024:

	2024[1)]	2024[2)]	2023[1)]	2023[2)]
	No. of shares	In %	No. of shares	In %
Beda Diethelm and Annamaria Diethelm-Pandiani[3)]	6,712,878	11.26	6,712,878	10.98
Family of Hans-Ueli Rihs [3), 4)]	3,683,649	6.18	3,683,649	6.02
BlackRock, Inc.	3,334,293	5.10	3,334,293	5.10
MFS Investment Management [5)]	1,847,415	3.02	1,847,415	3.02
UBS Fund Management (Switzerland) AG	1,825,453	3.06	n/a	<3

1) Or at last reported date if shareholdings are not registered in the share register.
2) On the basis of the shares of Sonova Holding AG registered in the commercial register at last reported date which may differ.
3) Beda Diethelm and Hans-Ueli Rihs were already shareholders before the Initial Public Offering in November 1994. There are no shareholders' agreements among these individuals and they can trade freely.
4) Hans-Ulrich Rihs, Gabriela Rihs and Stefan Rihs as a group jointly control 3,683,649 registered shares (corresponding to 6.18% of total Sonova share capital) pursuant to the last disclosure notice. These shares were previously controlled by Hans-Ulrich Rihs as a single shareholder.
5) MFS Investment Management, formerly known as Massachusetts Financial Services, is held by Sun Life Financial Inc. which is traded on the TSX, NYSE and PSE (ticker symbol SLF).

For information on shareholders of Sonova Holding AG who have reported shareholdings of over 3% or a reduction of shareholdings below 3% in the 2023/24 financial year, please refer to the website of the Disclosure Office of the SIX Swiss Exchange.

Cross-shareholdings

Sonova Holding AG has no cross-shareholdings with other companies.

Articles of Association

The Swiss corporate law reform which became effective January 1, 2023, triggered several mandatory and voluntary amendments to the Articles of Association which have been discussed, put to a vote, and resolved by the shareholders at the 2023 AGM. Details on such amendments are available here.

The Articles of Association are available here.

Capital structure

Share capital

As of March 31, 2024, the ordinary share capital of Sonova Holding AG was CHF 2,981,340.45 fully paid up and divided into 59,626,809 registered shares with a par value of CHF 0.05 each.

Sonova Holding AG has issued neither participation certificates nor profit-sharing certificates.

With the exception of the treasury shares held by the company itself, each share entitles to one vote at the Annual General Shareholders' Meeting. All shares have equal dividend rights. As of March 31, 2024, the company held 13,587 treasury shares (1,566,263 in the previous year).

More information on the share capital can be found in Art. 3 of the Articles of Association.

Conditional share capital and capital range

Conditional share capital

The conditional share capital may be increased by a maximum amount of CHF 266,106.65 by issuing 5,322,133 registered shares with a par value of CHF 0.05 per share which equates to 8.92% of the existing share capital. Out of this conditional share capital an amount of CHF 101,050.65 (equaling 2,021,013 registered shares) may be used for distribution to key employees of the Sonova Group through an equity participation program, under exclusion of the subscription rights of shareholders. In addition, an amount of CHF 165,056 (equaling to 3,301,120 registered shares) may be used for exercising option and conversion rights granted in connection with bonds or similar debt instruments issued by the company. The subscription rights of shareholders are excluded. The advance subscription rights of shareholders may be excluded if such bonds are issued to finance the acquisition of companies, parts of companies or shareholdings.

More information on the conditional share capital can be found in Art. 4 of the Articles of Association.

Capital range

Sonova Holding AG has a capital range of 10% of the share capital from CHF 2,683,206.45 (lower limit) to CHF 3,279,474.45 (upper limit). The Board of Directors shall be authorized within the capital range to increase (by issuing up to 5,962,680 registered shares, each with a nominal value of CHF 0.05) or to reduce the share capital (by cancelling up to 5,962,680 registered shares, each with a nominal value of CHF 0.05) once or several times in amounts or to acquire or dispose of shares directly or indirectly at any time until June 12, 2028 or until an earlier expiry of the capital range. The capital increase or decrease may also be effectuated by increasing or reducing the nominal value of the existing registered shares. In certain events, as defined in Art. 5 of the Articles of Association, the Board of Directors is authorized to exclude or restrict the subscription rights of existing shareholders and allocate such rights to third parties, the company, or any of its group companies.

The Board of Directors did not make use of this authorization in the 2023/24 financial year.

More information on the capital range can be found in Art. 5 of the Articles of Association.

Limitations on exercising the conditional share capital and/or the capital range

If the conditional capital and/or the capital range is exercised and subscription or advance subscription rights are excluded or restricted, the total of the capital increase shall not exceed an amount of CHF 298,134 by issuing 5,962,680 registered shares, which correspond to 9.99% of the currently issued share capital.

More information on the limitations of exercising the conditional share capital and/or the capital range can be found in Art. 6 of the Articles of Association.

Options

In the 2023/24 financial year, a total of 118,673 options and Stock Appreciation Rights (SARs) were granted as part of the Sonova Executive Equity Award Plan (EEAP). In the 2022/23 financial year, the number of options and SARs granted totaled 138,302. As of March 31, 2024, there were 904,085 options, performance options and SARs outstanding (compared with 960,106 in the previous year). Each of the options entitles the holder to purchase one registered share in Sonova Holding AG with a par value of CHF 0.05 at the respective exercise price and upon meeting certain performance criteria, while the SAR entitles to receive a cash settlement equal to the option value. The EEAP is described in greater detail in the Compensation Report and in Note 7.4 to the consolidated financial statements.

Convertible bonds

Sonova Holding AG has not issued any convertible bonds.

Changes in capital

As of March 31, 2024 and the preceding three financial years, the share capital of Sonova Holding AG comprised the following (CHF amounts in this schedule are rounded up to whole numbers):

	2024	2023	2022	2021
Ordinary capital (in CHF)	2,981,340 [1]	3,057,986 [3]	3,158,608 [5]	3,219,907 [7]
Total shares	59,626,809	61,159,719	63,172,157	64,398,137
Difference in ordinary capital compared to the prior financial year (in CHF)	(76,645)	(100,622)	(61,299)	n.a.
Capital range (in CHF)				
lower limit upper limit	2,683,206 3,279,474	n.a.	n.a.	n.a.
equals cancellation / issuing of up to shares	5,962,680	n.a.	n.a.	n.a.
Authorized share capital (in CHF)	n.a. [2]	305,799 [4]	321,991 [6]	321,991 [6]
Authorized shares	n.a. [2]	6,115,971 [4]	6,439,813 [6]	6,439,813 [6]
Conditional capital (in CHF)	266,108	266,108	266,108	266,108
equals issuing of up to shares	5,322,133	5,322,133	5,322,133	5,322,133

1) The 2023 AGM approved a reduction of the share capital by CHF 76,645.50 through the cancellation of 1,532,910 registered shares. This capital reduction was the result of the share buyback program of 2022-2025, announced on April 14, 2022, under which the company repurchased 1,532,910 registered shares between April 19, 2022, and March 31, 2023.
2) The introduction of the capital range was resolved by the 2023 AGM and replaced the authorized capital (for details see the section capital range above).
3) The 2022 AGM approved a reduction of the share capital by CHF 100,621.90 through the cancellation of 2,012,438 registered shares. This capital reduction was the result of the share buyback program announced on May 18, 2021, under which the company repurchased 2,012,438 registered shares between June 4, 2021, and March 28, 2022.
4) The 2022 AGM approved the creation of authorized capital of CHF 305,798.55 allowing for the issuance of up to 6,115,971 registered shares until June 15, 2024.
5) The 2021 AGM approved a reduction of the share capital by CHF 61,299.00 through the cancellation of 1,225,980 registered shares. This capital reduction was the result of the share buyback program announced on August 31, 2018, under which the company repurchased a total of 1,843,090 registered shares between April 1, 2019, and March 31, 2021.
6) The 2020 AGM approved the creation of authorized capital of CHF 321,990.65 allowing for the issuance of up to 6,439,813 registered shares until June 11, 2022.
7) The 2019 AGM approved a reduction of the share capital by CHF 46,637.50 through the cancellation of 932,750 registered shares. This capital reduction was the result of the share buyback announced on August 31, 2018, under which the company repurchased 932,750 registered shares between April 1, 2018, and March 31, 2019.

Share buyback program 2022 – 2025

On April 14, 2022, Sonova announced a share buyback program for the purpose of a capital reduction that started on April 19, 2022. The program allows to buy back shares worth up to CHF 1.5 billion and is scheduled to end on April 18, 2025 (details available here).

Limitations on transferability and nominee registrations

Limitations on transferability for each share category

To be recognized as a shareholder with full voting rights, the acquirer of shares must submit a written application for registration in the share register. The company may refuse registration in the share register if applicants do not explicitly declare that they have acquired and will hold the shares in their own name and for their own account. The company may further refuse entry of the acquirer as a shareholder or usufructuary with a voting right to the extent that the shares held would exceed 5% of the overall number of shares shown in the Commercial Register (Art. 8 para. 6 of the Articles of Association). Linked parties are considered as one person. This registration restriction does not apply to the founding shareholders. The Board of Directors may grant exceptions where there is justified cause, in which case no special quorum is required.

More information on the limitations on transferability and registrations can be found in Art. 8 of the Articles of Association.

Exceptions granted in the year under review

No exceptions were granted by the Board of Directors during the reporting period.

Admissibility of nominee registrations

The Board of Directors can issue regulations specifying the conditions under which trustees/ nominees are recognized as shareholders with voting rights (Art. 8 para. 5 of the Articles of Association).

Procedure and conditions for cancelling statutory privileges and limitations on transferability

A resolution of the General Shareholders' Meeting approved by a relative majority of the votes cast is sufficient for cancellation or relaxation of the provisions for restricting the transferability of shares (Art. 15 para. 5 of the Articles of Association).

Board of Directors

Introduction

The Board of Directors of Sonova Holding AG sets the overall direction and supervision of the management (see Art. 716a para. 1 of the Swiss Code of Obligations). Its working methods are reflected in the Organizational Regulations (available here) and the Board Committee Charters (available here for the Audit Committee and here for the Nomination and Compensation Committee).

As determined in Art. 1 of the Organizational Regulations, the Board of Directors plans the succession of its members and defines the criteria for selecting candidates so that the composition is well-balanced in terms of size, professional skills, international experience, and diversity. Sonova ensures that newly elected members receive appropriate introduction and orientation and that the members of the Board of Directors receive continuing training with respect to their responsibilities.

Board of Directors independence

Members of the Board of Directors are considered to be independent, according to Section 15 of the Swiss Code of Best Practice for Corporate Governance and Art. 6 lit. c of the Organizational Regulations, if they personally or in association with related persons have not been a member of the Management Board during the last three years, have not served as lead auditor of external auditor during the last two years, and have no or only comparatively minor business relations with the company. According to these rules, all members of Sonova's Board of Directors are considered to be independent.

Board of Directors fees

Fees for members of the Board of Directors are structured to be consistent with the principle of independence; members therefore only receive fixed fees paid in the form of a cash retainer and non-discounted shares with a blocking period of five years and four months (Chair of the Board of Directors) or four years and four months (all other members of the Board of Directors). The allocation of shares strengthens alignment with shareholders' interests. In addition, members of the Board of Directors receive committee retainers for their services on Sonova's committees. Members of the Board of Directors do not receive performance-related compensation, severance payments, or benefits (see the relevant chapters in the Compensation Report for more information).

Executive management positions

No member of the Board of Directors holds an executive management position with Sonova Holding AG or any of its subsidiaries and has not done so in the past three years.

Business connections of members of the Board of Directors with Sonova Holding AG or its subsidiaries

In the 2023/24 financial year, there were no business connections between individual members of the Board of Directors, including companies or organizations represented by them, and Sonova Holding AG or its subsidiaries.

Other activities and vested interests

Except as disclosed in the biographies of the members of the Board of Directors, no member of the Board of Directors holds any position in a governing or supervisory body of any important private or public sector organization, institution, or foundation; none holds any permanent management or consultancy position with an important interest group, or any public or political office.

Mandates outside Sonova Holding AG

No member of the Board of Directors may hold more than four mandates in listed companies and no more than five mandates in other companies and organizations. Mandates shall mean mandates in comparable functions at other enterprises as well as in (trading) associations, organizations, foundations and similar legal entities with an economic purpose.

The following mandates are not subject to these limitations:

- Mandates in companies which are controlled by Sonova or in companies which control Sonova; and
- Mandates held at the request of Sonova or companies controlled by Sonova, whereby no member of the Board of Directors may hold more than ten such mandates.

For further details please see Art. 30 of the Articles of Association, and the Compensation Report for outside mandates to be disclosed under the Swiss Code of Obligations.

Board of Directors competence and evaluation

The Nomination and Compensation Committee and the Board of Directors evaluate current and prospective members according to a skills and experience competency matrix to ensure that an appropriate mix of relevant skills and experience is represented in the Board of Directors. The matrix includes criteria relating to executive management expertise, board experience, relevant industry know-how, strategic thinking (including M&A), international/regional experience, technology/product development experience (hardware and software), digital expertise, IT expertise, Supply Chain Management expertise, financial expertise, sales/marketing expertise, retail and service expertise, HR expertise, and expertise in ESG. By following the matrix criteria in the nomination and evaluation processes, the Nomination and Compensation Committee and the Board of Directors are committed to consider characteristics including but not limited to, gender, age, nationalities or country of origin, ethnicity, cultural background, ways of believing and mindsets, in order to establish balance in terms of diversity and inclusion.

The Nomination and Compensation Committee and the Board of Directors make use of this information to identify potential gaps, and to help create profiles for new director searches.

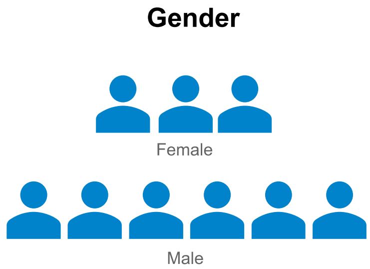
The Board of Directors also conducts an annual self-assessment to:

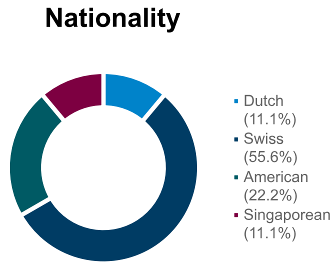
- Ensure and enhance its comprehensive understanding of the business and the company;
- Evaluate the work of the Board of Directors, its committees, the individual members of the Board of Directors and the Chair;
- Make the best use of the human capital represented on the Board of Directors; and
- Optimize efficiency, effectiveness of working methods, and cooperation among members of the Board of Directors and members of the Management Board.

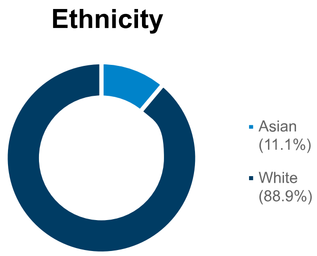
The Chair of the Board of Directors initiates the annual Board of Directors self-assessment by distributing an evaluation questionnaire, previously approved by the Board of Directors. The Chair of the Board of Directors is responsible for collecting the assessments and for initiating the review of the consolidated results by the Nomination and Compensation Committee and subsequently the full Board of Directors.

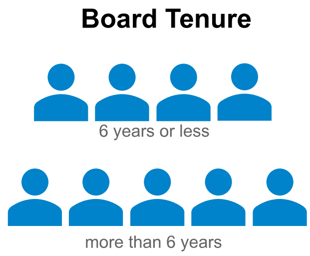
Composition of the Board of Directors

As of March 31, 2024, the composition of the Board of Directors is as follows:









	Robert F. Spoerry	Stacy Enxing Seng	Gregory Behar	Lynn Dorsey Bleil	Lukas Braun-schweil-er	Roland Diggel-mann	Julie Tay	Ronald van der Vis	Adrian Widmer
Age	68	59	54	60	67	56	57	56	55
Tenure (years)	21	10	3	8	6	3	2	15	4
Gender									
Female		x		x			x		
Male	x		x		x	x		x	x
Race/Ethnicity									
White	x	x	x	x	x	x		x	x
Non-White							x		
Committee Member									
Audit				x				x	x
Nomination & Com-pensation		x			x	x	x		
Independent	x	x	x	x	x	x	x	x	x

Elections, terms of office and biographies

Election procedure and limits on the terms of office

Art. 16 para. 1 of the Articles of Association of Sonova Holding AG states that the Board of Directors must consist of a minimum of five and a maximum of ten members. The members of the Board of Directors are elected by the shareholders at the General Shareholders' Meeting (Art. 10 no. 2 of the Articles of Association).

Re-elections for successive terms are possible. Members of the Board of Directors shall retire automatically at the first General Shareholders' Meeting following their seventieth birthday. In justified individual cases, the Board of Directors may make an exemption. For further details please see Art. 6 of the Organizational Regulations.

First election and remaining term of office

The following table shows the date of first election for each member of the Board of Directors. The Articles of Association require that the term of office of a member of the Board of Directors ends after completion of the next Annual General Shareholders' Meeting. As a consequence, each such member will have to be re-elected annually at the Annual General Shareholders' Meeting. All members of the Board of Directors were re-elected by the 2023 Annual General Shareholders' Meeting. Jinlong Wang (first elected 2013) decided not to stand for re-election at the 2023 AGM; further details on him can be found in last year's annual report, available here.

Name	Position	First elected
Robert F. Spoerry	Chair	2003
Stacy Enxing Seng	Vice Chair	2014
Gregory Behar	Member	2021
Lynn Dorsey Bleil	Member	2016
Lukas Braunschweiler	Member	2018
Roland Diggelmann	Member	2021
Julie Tay	Member	2022
Ronald van der Vis	Member	2009
Adrian Widmer	Member	2020

Robert F. Spoerry

(born 1955, Swiss citizen) has been Chair of the Board of Directors of Sonova Holding AG since March 30, 2011, and a non-executive member of the Board of Directors since 2003.

Robert F. Spoerry is also the non-executive Chair of the Board of Directors of Mettler Toledo International Inc., a leading global manufacturer and marketer of precision instruments and related services for use in laboratory, manufacturing, and food retailing applications. He joined Mettler Toledo in 1983 and was CEO from 1993 to 2007. He led the buyout of Mettler-Toledo from Ciba-Geigy in 1996, and the company's subsequent Initial Public Offering on the New York Stock Exchange (NYSE) in 1997. In 1998, he was nominated as Chair of the Board of Directors.

His long-standing experience in the technology sector, his deep knowledge of Sonova and his strong technical background with innovation-driven companies provides a substantial benefit to the Group and its shareholders. Robert F. Spoerry devotes a substantial amount of his time to his service as Chair of the Board of Directors.

Robert F. Spoerry graduated in mechanical engineering from the Swiss Federal Institute of Technology (ETH) in Zurich, Switzerland, and holds an MBA from the University of Chicago.

Outside mandates

Listed companies:
- Member of the Board of Directors of Bystronic Holding AG (former Conzetta Holding AG)
- Non-executive Chair of the Board of Directors of Mettler Toledo International Inc.

Other mandates:
- n.a.

Stacy Enxing Seng

(born 1964, US citizen) has been a non-executive member of the Board of Directors since 2014 and serves on the Nomination and Compensation Committee. She became Vice Chair of the Board of Directors at the 2021 AGM.

She previously served as President of Covidien's Vascular Therapies division. Stacy Enxing Seng joined Covidien as president of its vascular therapies division in July 2010 through its acquisition of ev3 where she was a founding member and executive officer responsible for leading ev3's Peripheral Vascular Division from inception. She has also held various positions at Boston Scientific, SCIMED Life Systems Inc., Baxter Healthcare, and American Hospital Supply.

With her broad experience in the medical technology sector and her strong track record in growing startups and leading multinational companies, she brings further important perspectives to the Group. Her expertise in working with regulatory agencies around the globe brings valuable insight to the Board of Directors.

Stacy Enxing Seng received an MBA from Harvard University and has a Bachelor of Arts in Public Policy from Michigan State University.

Outside mandates

Listed companies:

- Member of the Board of Directors of LivaNova Inc.

Other mandates:

- Chair of the Board of Directors of Cala Health
- Executive Chair of the Board of Directors of Contego Inc.
- Member of the Board of Directors of Corza Inc.
- Member of the Board of Directors of Imperative Care
- Operating Partner of Lightstone Ventures

Gregory Behar

Gregory Behar (born 1969, Swiss citizen) has been a non-executive member of the Board of Directors since 2021.

Since January 2024 he is the CEO of Recipharm AB, a leading Contract Development and Manufacturing Organization (CDMO) in the pharmaceutical industry. From 2014 until December 31, 2023, he served as CEO of Nestlé Health Science, a global leader in the science of nutrition, and became a member of the Nestlé Executive Board in 2017. From 2011 to 2014, he was President & CEO of Boehringer Ingelheim Pharmaceuticals Inc. (USA). Prior to that, he held various leadership positions with Boehringer Ingelheim GmbH (Germany), Novartis AG, and Nestlé SA.

With his broad international business and executive experience in the healthcare industry as well as his strong track record in leading successful global businesses, Gregory Behar brings valuable insight to the Board of Directors.

Gregory Behar earned an MBA from INSEAD, France, a Master of Science in mechanical engineering and manufacturing from EPFL Lausanne, Switzerland, and a Bachelor of Science in mechanical engineering from the University of California in Los Angeles, USA.

Outside mandates

Listed companies:
- n.a.

Other mandates:
- CEO of Recipharm AB
- Member of the Board of Directors of Amazentis SA
- Member of the Board of Directors of New Biologix (mandate held at the direction of Recipharm AB as part of his role as its CEO and thus, shall not be considered as an additional outside mandate)

Lynn Dorsey Bleil

(born 1963, US citizen) has been a non-executive member of the Board of Directors since 2016 and serves as a member of the Audit Committee.

She retired as Senior Partner (Director) from McKinsey & Company in the US in 2013 after more than 25 years of advising senior management and boards of leading healthcare companies on corporate and business unit strategy, mergers and acquisitions, and public policy across all segments of the healthcare value chain. She was also a member of the Board of Directors of Auspex Pharmaceuticals until its sale to Teva in March 2015, and DST Systems until its sale to SS&C in April 2018.

With her extensive experience in advising North American healthcare companies across the entire value chain and through her various board mandates in this sector, she brings very valuable strategic perspectives to the Group and contributes her broad knowhow as a Board member.

Lynn Dorsey Bleil holds a Bachelor's degree in Chemical Engineering from Princeton University and a Master's degree in Business Administration from the Stanford University Graduate School of Business.

Outside mandates

Listed companies:
- Member of the Board of Directors of Alcon Inc.
- Member of the Board of Directors of Stericycle Inc.
- Member of the Board of Directors of Amicus Therapeutics Inc.

Other mandates:
- Chair of the Intermountain Healthcare Wasatch Back Hospitals Community Board (a non-profit organization)

Lukas Braunschweiler

(born 1956, Swiss citizen) was the CEO of the Sonova Group from November 2011 until March 31, 2018 and has been a non-executive member of the Board of Directors since 2018 and serves as member of the Nomination and Compensation Committee.

Before joining the company, Lukas Braunschweiler was CEO of the Swiss technology group RUAG from 2009 until 2011. From 2002 to 2009, as President and CEO, he headed the Dionex Corporation. The California-based company, active in the life sciences industry, was listed on the Nasdaq stock exchange. Previously, from 1995 to 2002, he held various group executive positions in Switzerland and the US for Mettler Toledo, a precision instruments manufacturer.

Lukas Braunschweiler brings broad CEO experience from a variety of tech-oriented companies and industries in an international environment. Having served as CEO of Sonova from 2011 to 2018, he has not only a comprehensive knowledge of Sonova as a company and its business but also a broad experience in the global hearing aid industry.

Lukas Braunschweiler received a Master of Science in analytical chemistry (1982) and was awarded a Ph.D. in physical chemistry (1985) from the Swiss Federal Institute of Technology (ETH) in Zurich.

Outside mandates

Listed companies:
- Chair of the Board of Directors of Tecan Group AG

Other mandates:
- n.a.

Roland Diggelmann

(born 1967, Swiss citizen) has been a non-executive member of the Board of Directors since 2021 and serves as a member and Chair on the Nomination and Compensation Committee.

From 2019 until March 31, 2022, he has been CEO of Smith & Nephew plc, a UK-based leading global medical technology company active in orthopedics, sports medicine, and advanced wound management. From 2008 to 2012 he was managing director for the Asia/Pacific region and from 2012 until 2018 CEO of Roche Diagnostics. He previously held senior management positions in sales and marketing as well as strategic planning at Zimmer Holdings and Sulzer Medica (later known as Centerpulse).

With more than 20 years of executive experience in the medical device industry across many parts of the world and as CEO, Roland Diggelmann provides valuable input to the implementation of Sonova’s strategy.

Roland Diggelmann studied Business Administration at the University of Bern, Switzerland.

Outside mandates

Listed companies:
- Member of the Board of Directors of Mettler Toledo International Inc.

Other mandates:
- Member of the Board of Directors Berlin Heals AG
- Member of the Board of Directors of HeartForce AG
- Member of the Board of Directors Navignostics AG
- Member of the Board of Directors Osler Diagnostics Ltd.

Julie Tay

(born 1966, Singapore citizen) has been a non-executive member of the Board of Directors since 2022 and serves as a member on the Nomination and Compensation Committee.

She served as Senior Vice President and Managing Director, Asia Pacific in Align Technology Inc from 2013 to 2022. She was also a member of the global Executive Management Committee. Align Technology is a leading global medical device company that designs, manufactures, and sells the Invisalign system of clear aligners, iTero intraoral scanners, and exocad CAD/CAM software for digital orthodontics and restorative dentistry.

Before that she held various management positions at Bayer Healthcare, JohnsonDiversey, and Johnson & Johnson Medical. With her broad executive experience in the medical device industry and her executive experience, Julie Tay brings valuable insight to the Board of Directors.

Julie Tay holds a BA from the National University of Singapore and an MBA in International Marketing from the Curtin University of Technology in Australia.

Outside mandates

Listed companies:
- Member of the Board of Directors of EBOS Group Ltd.

Other mandates:
- n.a.

Ronald van der Vis

(born 1967, Dutch citizen) has been a non-executive member of the Board of Directors since 2009 and serves as a member of the Audit Committee, which he chaired from 2019 to 2021.

Ronald van der Vis served as Group CEO of Esprit Holdings Limited, a global fashion and lifestyle company listed on the Hong Kong Stock Exchange, from 2009 until November 2012. Prior to this, since 1998, he held various general management positions at GrandVision NV, the world's leading optical retailer. He was Group CEO at GrandVision NV from 2004 to 2009.

With his extensive international expertise in the retail sector and his broad M&A, corporate finance and strategic experience, Ronald van der Vis provides valuable input to the Group's vertically integrated business strategy.

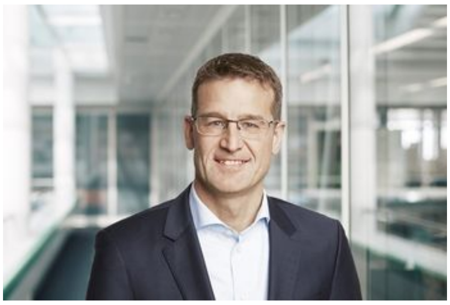
Ronald van der Vis graduated from the Nyenrode Business University in the Netherlands and received his Master's degree in business administration from the Alliance Manchester Business School in the UK. He has gained significant financial expertise both through his education and through his business experience as CEO and private equity partner.

Outside mandates

Listed companies:
- n.a.

Other mandates:
- Operating Partner, Co-Investor and Industry Advisor
- Chair of the Supervisory Board of European Dental Group
- Chair of the Supervisory Board of Equipe Zorgbedrijven
- Chair of the Supervisory Board of United Veterinary Care
- Member of the Supervisory Board of HEMA BV

Adrian Widmer



(born 1968, Swiss citizen) has been a non-executive member of the Board of Directors since 2020 and serves as a member and Chair on the Audit Committee.

Since 2014 he is Group CFO of Sika AG, a global specialty chemical company based in Switzerland. He previously served as Head Group Controlling and M&A at Sika from 2007 to 2014. Prior to joining Sika, he held various management positions at BASF, Degussa and Textron Inc. in the areas of finance and controlling, business development and general management.

With his broad management background, his experience in M&A and business development, and particularly his financial expertise as active CFO, Adrian Widmer is well qualified to serve on and lead the Audit Committee as a financial expert and is an ideal sparring partner for Sonova's CFO.

Adrian Widmer holds a Master of Science degree in Business and Economics from the University of Zurich, Switzerland and completed the Advanced Management Program of INSEAD Fontainebleau in France.

Outside mandates

Listed companies:
- Group CFO of Sika AG

Other mandates:
- n.a.

Internal organizational structure

Allocation of tasks within the Board of Directors

As specified in Art. 17 para. 1 of the Articles of Association, the Board of Directors constitutes itself, except for the Chair and the members of the Nomination and Compensation Committee, who must be elected by the shareholders. If the office of the Chair or a member of the Nomination and Compensation Committee is vacant, pursuant to Art. 16 para. 4 of the Articles of Association, the Board of Directors appoints a replacement from among its members for the remaining term of office. The duties of the Chair are set out in Art. 16 of the Organizational Regulations and the duties of the Vice-Chair are set out in Art. 18 of the Organizational Regulations.

In accordance with Art. 13 para. a of the Organizational Regulations, which supplement the Articles of Association, the Board of Directors appoints an Audit Committee.

Tasks and areas of responsibility of Board of Directors' committees

The duties and authorities of the committees are defined in the Articles of Association, the Organizational Regulations, and the Board Committee Charters (available here for the Audit Committee and here for the Nomination and Compensation Committee). The committees usually meet before the Board of Director's meetings, report regularly on activities and make proposals to the Board of Directors based on their findings. The overall responsibility for duties delegated to the committees remains with the Board of Directors.

Audit Committee

The members of the Audit Committee are Adrian Widmer (Chair), Gregory Behar, Lynn Dorsey Bleil and Ronald van der Vis.

The duties of the Audit Committee include reviewing the performance and effectiveness of external and internal audit on behalf of the entire Board of Directors; evaluating the company's financial control systems, financial structure, and risk management control mechanisms; and verifying the interim and annual accounts and financial statements of the Sonova Group. The Audit Committee is also kept regularly informed on the company's compliance program. The Audit Committee Charter is available here.

The Audit Committee meets as often as required but no fewer than four times per year. During the reporting period, the Audit Committee met four times. The Chair of the Board of Directors was invited to, and attended, every Audit Committee meeting as a guest.

Nomination and Compensation Committee

The members of the Nomination and Compensation Committee are Roland Diggelmann (Chair), Lukas Braunschweiler, Stacy Enxing Seng, and Julie Tay.

The Nomination and Compensation Committee supports the mission of the Board of Directors to attract, retain, and motivate people with outstanding professional and human capabilities at the Board of Directors and top management levels. In the selection and nomination processes, the committee considers independence, expertise, experience, and skills (including those related to economic, environmental and social aspects) needed for the respective corporate body's tasks, seeking where possible to establish balance in diversity terms including but not limited to: gender, age, nationalities or country of origin, ethnicity, competencies, experiences, ways of believing and mindsets. The Nomination and Compensation Committee also supports the Board of Directors in preparing the Compensation Report, establishing and reviewing the company's compensation principles, guidelines, and performance metrics, and preparing proposals to the Annual General Shareholders' Meeting on the compensation of the Board of Directors and Management Board. The committee may also submit proposals and recommendations to the Board of Directors on other compensation-related issues. The Nomination and Compensation Committee Charter is available here.

The Nomination and Compensation Committee meets as often as required but no fewer than four times per year. During the reporting period, the committee met four times and held two additional conference calls on relevant subject matters. The Chair of the Board of Directors was invited to, and attended, every Nomination and Compensation Committee meeting as a guest.

Working methods of the Board of Directors and its committees

During the reporting period, the Board of Directors held five regular meetings and one additional conference call on relevant subject matters. The table below shows the individual members' attendance at Board of Directors and committee meetings, as well as the average length of the meetings:

	BoD meetings [1]	BoD add. calls [2]	AC meetings	NCC meetings [3]	NCC add. calls [4]
No. of meetings in 2023/24	5	1	4	4	2
Robert F. Spoerry	5	1	4 [5]	4 [5]	2 [5]
Stacy Enxing Seng	5	1		4	2
Gregory Behar	5	1	3 [6]		
Lynn Dorsey Bleil	5	1	4		
Lukas Braunschweiler	5	1		4	2
Roland Diggelmann	5	1	4	4	2
Julie Tay	5	1		4 [7]	1 [8]
Ronald van der Vis	5	1	4		
Jinlong Wang [9]	2				
Adrian Widmer	5	1	4		
Average meeting length	7 h	1 h	3 h	2 h	1 h

1) Regular Board of Directors meetings in person.
2) Additional calls of the Board of Directors.
3) Regular Nomination and Compensation Committee meetings in person.
4) Additional calls of the Nomination and Compensation Committee.
5) As guest.
6) From 2023 AGM.
7) Participated one meeting as a guest and after being elected at the 2023 AGM as a Member of the NCC.
8) Participated only one call because of being elected at the 2023 AGM as a Member of the NCC.
9) Did not stand for re-election at the 2023 AGM and thus did not participate in any such meeting thereafter.

Urgent business matters were discussed in various telephone conferences. In addition to formal meetings at which minutes were taken, members of the Board of Directors or of the committees also frequently met informally for other topics and discussions that required additional time.

These included but were not limited to, preparations for formal meetings, interviews and nomination of key individuals, and reviewing M&A projects.

The agenda for a meeting of the Board of Directors or of a Board committee is set by its respective Chair. Any member of the Board of Directors or a committee may request a meeting or ask that an item be put on the agenda. Members of the Board of Directors and the committees are provided in advance of meetings with all relevant documents that enable them to prepare for the discussion of the agenda items during the meeting. The Board of Directors and its committees constitute a quorum if at least half of the members are present. The Board of Directors and its committees approve resolutions by a majority of members present at the meeting. In the event of an equal number of votes, the Chair has the casting vote.

The Board of Directors works closely with the Management Board. In general, the meetings of the Board of Directors and its committees are also attended by the CEO and the CFO and, depending on the agenda, other members of the Management Board. The Board of Directors and the committees meet in executive session after every Board and committee meeting, respectively. The Board of Directors consults external experts in connection with specific tasks when necessary.

During the 2023/24 financial year, the five regular meetings of the Board of Directors were attended by the CEO, the CFO, and other members of the Management Board to review, amongst other topics, performance against plan, key initiatives, and strategic matters. If necessary, the Board of Directors also consults with other internal experts (such as the Group General Counsel) or external advisors.

All four meetings of the Audit Committee were attended by the Chair as guest. The CEO, the CFO, and the Head of Internal Audit and Risk participated in all four meetings of the Audit Committee. Representatives of the auditors have been invited to two out of four of these meetings.

All four meetings of the Nomination and Compensation Committee were attended by the Chair as a guest and were held in the presence of the CEO and the Group Vice President Corporate Human Resources.

Definition of areas of responsibility

The Board of Directors of Sonova Holding AG is responsible for the overall direction of the company, except in matters reserved by law to the Annual General Shareholders' Meeting. The Board of Directors decides on all matters that have not been reserved for or conferred upon another governing body of the company by law, by the Articles of Association, or by the company's Organizational Regulations. The division of responsibility between the Board of Directors and the Management Board is set out in detail in the company's Organizational Regulations.

Information and control instruments vis-à-vis the Management Board

The Management Board reports regularly to the Board of Directors and its committees. At each Board of Directors' meeting, the Management Board informs the Board of Directors on the status of current business matters and financial results, and presents relevant strategic initiatives as well as major business transactions such as M&A. Each year a Board of Directors' meeting is reserved for presentation and discussion of the company's strategy and long-term financial plan. The Board of Directors is provided with monthly consolidated sales reports containing data on revenue, average selling prices, and units for each major product, subsidiary, and market. The Board of Directors also receives, on a monthly basis, the financial report with the full profit and loss statement, the balance sheet, and the cash flow statement, as well as the CEO's report on business performance, the competitive situation, updates on various initiatives, and an outlook. Telephone conferences are held as required between the members of the Board and the CEO or CFO. Furthermore, each member of the Board of Directors may request information on all matters concerning the company.

Internal audit, risk, and compliance

The mandates of the Internal Audit and Risk Management functions, along with their reporting lines and scope of activities, are defined in the Internal Audit & Risk Charter approved by the Audit Committee and the Board of Directors. Internal Audit carries out compliance and operational audits and assists the business units in attaining their goals by providing assurance from independent evaluation of the effectiveness of internal control processes. The Management is responsible for the control of business risks and for compliance with laws and regulations. The Audit Committee approves the annual work plans of Internal Audit and ensures that the relevant Group companies are adequately reviewed according to their risk scoring. The Audit Committee also reviews and discusses the reports on completed audits submitted by Internal Audit. Internal Audit, together with Business Controlling, monitors the implementation by Group companies of any measures necessary to address findings from previous audits, and regularly reports progress to the Audit Committee. The Head of Internal Audit & Risk reports to the Chair of the Audit Committee. In addition, the Chair of the Board of Directors is invited to the Audit Committee as a guest and is thus kept fully informed but has no voting rights.

The Group has implemented an efficient and comprehensive system to identify and assess strategic, operational, financial, legal, cyber, and compliance risks related to the Group's business activities. Risk management and mitigation proposals are prepared by the Management Board, reviewed by the Audit Committee and subsequently approved by the entire Board of Directors. The risk management function categorizes risks by severity and probability and supports the Management Board in determining the measures necessary to address or mitigate them.

The Board of Directors approves the risk assessment and provides guidance from a strategic point of view. To continuously monitor key risks and their mitigation, Risk Management prepares risk status reports which are presented to the Audit Committee on an ad hoc basis.

Risk Management also assumes responsibility for the Internal Control System (ICS) for financial reporting risks. The Board of Directors receives annual updates on the Group companies' compliance with the ICS guidelines.

The Group compliance program supports Sonova's core values of ethical behavior and unquestionable integrity. The program is administered by the Head Group Compliance & Data Privacy and ultimately overseen by the Group General Counsel. Among other activities, the program administers the ethics hotline and other reporting channels and ensures that reports are adequately addressed; structures the policy framework for ethical business conduct and trains the businesses on it; counsels and advises on proposed business approaches; and supports the businesses in their vetting of business partners. Quarterly compliance reports are provided to the Audit Committee and an annual compliance report is addressed to the Board of Directors. The Group General Counsel has an activity-specific or "dotted-line" reporting relationship to the Chair of the Audit Committee with respect to compliance responsibilities.

Environmental, Social and Governance Management (ESG)

Sonova's environmental, social and governance (ESG) strategy is integrated into its overall strategy and is an essential part of Sonova's way of doing business. "We take accountability" is one of our core values: ESG improvement indicators are therefore embedded throughout our business, and we strive to optimize them with the same intensity as we do our financial ones, making significant efforts and setting ambitious targets.

Sonova has established an ESG Council, which oversees and further develops the Group's ESG strategy, including commitments and targets, and monitors progress on key performance indicators and initiatives. The ESG Council meets at least on a quarterly basis and consists of the Group CEO, selected members of the Management Board, the Group General Counsel, and the Corporate Sustainability team. Progress on ESG targets is also regularly reviewed by the full Management Board and ESG targets are an element of each Management Board member's variable compensation. The Board of Directors approves the ESG strategy, initiatives, and targets, and regularly receives progress updates from the Management Board (see the comprehensive ESG Report).

Some of the key ESG topics at Sonova include climate change, diversity and inclusion (D&I), talent and engagement, sustainable supply chain management, data privacy and digital ethics. Among other reports, a comprehensive D&I report including initiatives and specific targets is prepared by the CEO and Corporate Human Resource Management and reviewed annually by the entire Board of Directors.

Responsible behavior also includes full compliance with tax laws and regulations at all times. Sonova's tax principles (available here) provide high level information on procedures and internal guidelines for tax compliance throughout the Sonova Group (see the relevant chapters in the ESG Report for more information on the specific ESG topics).

Good governance is supported by a regular dialogue on ESG topics with proxy advisors, investors, and rating agencies, and by Sonova's continuously active risk management and our compliance functions.

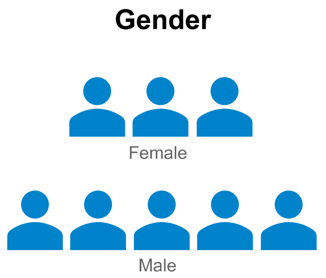
Management Board

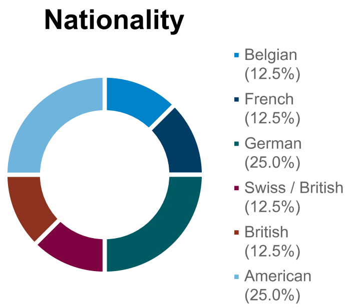
The Management Board is responsible for the business and affairs of the company and the preparation, implementation, and monitoring of Sonova's strategy, the management of the members' respective Group functions, and the preparation, implementation, and delivery of the annual plan and budget. The Management Board also prepares for and executes decisions made by the Board of Directors. In accordance with the Organizational Regulations of Sonova Holding AG, the Management Board is chaired by the CEO and comprises at least the CFO, plus such additional members as appropriately reflect the company's structure and activities. The members of the Management Board are proposed by the CEO and are appointed by the Board of Directors based on the recommendation of the Nomination and Compensation Committee (NCC).

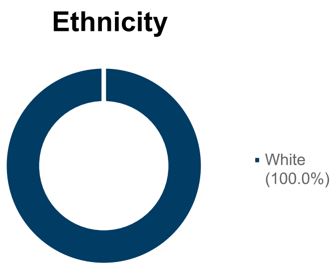
The yearly evaluation of the CEO is based on the input of each member of the Board of Directors addressed to the Chair. The consolidated input is reviewed first by the NCC and subsequently finalized by the entire Board of Directors. Finally, the results are reviewed and discussed between the Chair and the CEO.

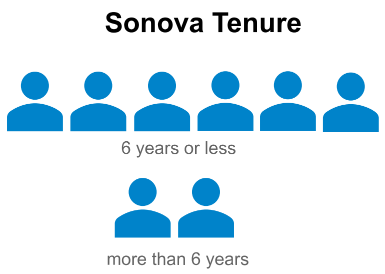
Composition of the Management Board

As of March 31, 2024, the composition of the Management Board is as follows:









Arnd Kaldowski
Chief Executive Officer

(born 1967, German citizen) joined the Sonova Group in October 2017 as Chief Operating Officer and became CEO as of April 1, 2018.

He joined Sonova from Danaher Corporation, where he served in various leadership capacities since 2008, as Group Executive of the Diagnostics Platform and President Beckman Coulter Diagnostics from 2013 until 2017. Arnd Kaldowski led significant sales growth, innovation and productivity initiatives. He also brings significant experience and a successful track record in M&A, commercial excellence, and new product introduction, which he gained during his career at Danaher and as SVP Point-of-Care Solutions at Siemens Medical, following his previous assignments as Investment Director of Atila Ventures and as a Manager with the Boston Consulting Group.

Arnd Kaldowski holds a Master of Science in Physics from the Technical University Darmstadt, Germany, and an MBA from INSEAD in Fontainebleau, France.

Outside mandates

Listed companies:
- n.a.

Other mandates:
- President of European Hearing Instrument Manufactures Association (EHIMA) (mandate held at the direction of Sonova as part of his role as its CEO and thus, shall not be considered as an additional outside mandate)

Birgit Conix
Chief Financial Officer

(born 1965, Belgian citizen) joined the Sonova Group in May 2021 and assumed the CFO position mid-June of the same year.

She was previously Chief Financial Officer and member of the Executive Board of TUI AG, a global leader in tourism, from 2018 to 2021. Before joining TUI AG, she was Chief Financial Officer of the Belgian media, cable and telecommunications group Telenet Group NV from 2013 until 2018. Prior to that, she held various top-level positions in finance, strategy and business operations in the pharmaceuticals and medical devices business units at Johnson & Johnson, and in finance at Heineken, Tenneco and Reed Elsevier.

Birgit Conix holds an MBA from the Booth School of Business, University of Chicago, USA and a Master of Science in Business Economics from the University of Tilburg, Netherlands.

Outside mandates

Listed companies:
- Member of the Supervisory Board of ASML Holding N.V.

Other mandates:
- n.a.

Ludger Althoff

Group Vice President Operations

(born 1964, German citizen) joined the Sonova Group in January 2019 as Vice President (VP) Operations and became Group Vice President Operations as of April 1, 2019.

Before joining Sonova, he was Senior VP Quality and Operations at ABB Power Grids from 2016 until 2018 where he held functional responsibility for all factories and engineering centers of the business. Before that, he held various key operation leadership positions within the Danaher Corporation from 2001 until 2016, including the role of VP Global Operations of Danaher's Dental Group and the role of VP Global Operations of Leica Microsystems. Ludger Althoff brings with him over 25 years of international management experience in operations, global sourcing and logistics as well as continuous improvement.

Ludger Althoff completed his education at the City of Mönchengladbach Technical School and was certified Quality Manager (EOQ) by the European Organization for Quality.

Outside mandates

Listed companies:

- n.a.

Other mandates:

- Member of the Advisory Board of QuestW

Victoria E. Carr-Brendel

Group Vice President Cochlear Implants and President of Advanced Bionics

(born 1964, US citizen) was appointed Group Vice President Cochlear Implants and President of Advanced Bionics as of April 1, 2019.

She is an accomplished medical device executive with vast experience across several therapeutic areas, in both 510K and PMA devices. She started her career as a scientist in research and development and took on increasingly larger business and management roles throughout her career. Before joining Sonova, she worked for JenaValve Technology Inc., a global and innovative transcatheter heart valve company, where she became CEO in mid-2015. Prior to that, she worked at Boston Scientific from 2004 until 2015 in roles spanning R&D, project management, franchise general manager/general manager for the neurovascular, electrophysiology, and peripheral interventions divisions, and the Bayer acquisition.

Victoria E. Carr-Brendel holds a Ph.D. in microbiology and immunology from University of Illinois at Chicago.

As further described in the shareholder letter, Alistair Simpson will succeed Victoria Carr-Brendel as Group Vice President Cochlear Implants as of July 2024.

Outside mandates

Listed companies:

- Member of the Board of Directors of Vicarious Surgical Inc.

Other mandates:

- Member of the Medical Device Manufacturers Association (MDMA)

Christophe Fond

Group Vice President Audiological Care

(born 1966, French citizen) joined the Sonova Group in February 2017 as Group Vice President Audiological Care.

Before joining Sonova, he held the role of President Latin America and was a member of the Executive Board at GrandVision, a global leader in optical retailing from 2008 until 2016. In the course of his career, he gained extensive experience in global retail management, leading transformational growth of large-scale retail enterprises, including acquisitions, mergers, and integrations.

Prior to joining GrandVision he held various roles of international responsibility at Pearle, Bata, and FNAC.

Christophe Fond received a Master of Business Administration from IMD-Switzerland and graduated from the Superior School of Military Engineering (ESAG) in France.

As further described in the shareholder letter, Oliver Lux will succeed Christophe Fond as Group Vice President Audiological Care as of June 2024.

Outside mandates

Listed companies:
- n.a.

Other mandates:
- n.a.

Martin Grieder

Group Vice President Consumer Hearing

Martin Grieder (born 1965, Swiss and British citizen) joined Sonova as Group Vice President Phonak in August 2014. Between September 2016 and March 2022, he was Group Vice President Hearing Instruments Marketing. In April 2022, he was appointed Group Vice President Consumer Hearing.

He joined Sonova from Nestlé, where he was Vice President and Global Head of Nestlé BabyNes from 2009 until 2014. Martin Grieder joined Nestlé in 1992 and brings over 20 years of experience in senior management roles within the company. His diversified cross-functional work experience in 18 countries ranges from leading the global Nespresso professional division to managing Nestlé Nespresso North America. Further senior roles at Nestlé included Vice President, Head of Finance for the Americas and Head Nestlé Group Audit as well as R&D Head for Food & Beverage systems solutions for the Nestlé Group.

Martin Grieder received a Master of Business Administration degree from IMD-Switzerland and a Bachelor’s degree in business and economics from the University of Applied Sciences and Arts (FHNW) in Basel.

As further described in the shareholder letter, Lilika Beck will succeed Martin Grieder as Group Vice President Consumer Hearing, after he passed away in a tragic accident at the beginning of April 2024.

Outside mandates

Listed companies:
- n.a.

Other mandates:
- n.a.

Katya Kruglova

Group Vice President Human Resources & Communications

(born 1971, British citizen) joined the Sonova Group in March 2023 and was appointed Group Vice President Human Resources & Communications in May 2023.

She has more than 25 years of global HR experience in large-scale organizations and various industries, including medical devices, life sciences and financial services. She joined Sonova Group from GE Healthcare, a global medical technology company, where she led a global HR team located in more than 30 countries as VP Human Resources from 2017 until 2023. She also played a key role in the spin-off of GE Healthcare into a publicly listed company in 2022. Prior to that, from 1998 until 2017, Katya Kruglova held HR positions with growing responsibilities in various General Electric entities, including GE Healthcare Life Sciences and GE Capital.

Katya Kruglova has a Master's degree in English/Spanish Linguistics and Psychology from the State Linguistic University in Moscow, Russia.

Katya Kruglova succeeded Claudio Bartesaghi; further details on him can be found in the last year's annual report, which is available here.

Outside mandates

Listed companies:
- n.a.

Other mandates:
- n.a.

Robert Woolley

Group Vice President Hearing Instruments

(born 1976, US citizen) joined the Sonova Group in January 2022 and was appointed Group Vice President Hearing Instruments in April 2022.

He previously held the position of Executive Vice President for North America from September 2019 until December 2020 and became Executive Vice President Western Europe in January 2021. Prior to Straumann, Robert worked for Stryker as the Global Vice President and General Manager of Stryker ENT. He has longstanding experience in leadership roles in the medical device and healthcare sector, both in the USA and Switzerland, among others at Stryker, Trivascular and Medtronic. Robert has a broad range of functional experiences including roles with increasing responsibility in general management, sales and marketing, product portfolio management and business development.

Robert Woolley is an engineer by training with a BSc in Mechanical Engineering from Brigham Young University and holds an MBA from Harvard Business School.

Outside mandates

Listed companies:
- n.a.

Other mandates:
- n.a.

Other activities and vested interests

Except as disclosed in the biographies of the members of the Management Board, no member of the Management Board holds any position in a governing or supervisory body of any important private or public sector organization, institution, or foundation; none holds any permanent management or consulting position with an important interest group, or any public or political office.

Mandates outside Sonova Holding AG

No member of the Management Board may hold more than one mandate in a listed company and no more than three mandates in other companies and organizations. Each of these mandates shall be subject to approval by the Board of Directors. Mandates shall mean mandates in comparable functions at other enterprises as well as in (trading) associations, organizations, foundations and similar legal entities with an economic purpose.

The following mandates are not subject to these limitations:

- Mandates in companies which are controlled by Sonova or in companies which control Sonova; and
- Mandates held at the request of Sonova or companies controlled by Sonova, whereby no member of the Management Board may hold more than ten such mandates.

For further details please see Art. 30 of the Articles of Association.

Management contracts

The Board of Directors and the Management Board conduct business directly and have not delegated any management tasks to companies outside the Group.

Compensation, shareholdings and loans

Details of Board and Management compensation are contained in the Compensation Report. In accordance with the Articles of Association, no loans were granted to the members of the Board of Directors or the members of the Management Board.

Shareholders' participation rights

Voting rights and representation restrictions

Voting rights restrictions

When exercising voting rights, no shareholder can combine, with their own and represented shares, more than 10% of the total number of shares as shown in the Commercial Register (Art. 14 para. 2 of the Articles of Association). Linked parties are considered as one person. This voting rights restriction does not apply to purchasers or usufructuaries if the seller of the shares or the ordering party of the usufruct was already a shareholder at the time when the above provision was introduced. The Board of Directors may approve other exceptions if it has good reason to do so, in which case no special quorum is required.

Exceptions granted in the year under review

During the reporting period, no exceptions to the above-listed rules were granted.

Statutory rules on participation in the General Shareholders' Meeting

According to Art. 14 para. 4 of the Articles of Association, shareholders entered in the share register with voting rights may have their shares represented by a person with written authorization from them who does not need to be a shareholder, or by the Independent Proxy. All the shares owned by a shareholder can only be represented by one person.

Independent Proxy and electronic voting

Anwaltskanzlei Keller AG, Zurich, was elected as the Independent Proxy by the 2023 AGM for the period until completion of the 2024 AGM.

Sonova Holding AG offers shareholders the option of using an online platform for granting proxy and providing voting instructions to the Independent Proxy electronically.

The Board of Directors determines the venue of the General Shareholders' Meeting. In case the Board of Directors may determine to hold a virtual or hybrid General Shareholders' Meeting, shareholders who are not present in person may exercise their rights by electronic means (Art. 12a para. 2 of the Articles of Association).

Statutory quorums

According to Art. 15 of the Articles of Association, resolutions and elections by the Annual General Shareholders' Meeting require the approval of a relative majority of the votes cast, except as otherwise provided by law or the Articles of Association.

Convocation of the General Shareholders' Meeting

The ordinary Annual General Shareholders' Meeting is held within six months following the close of the financial year.

Extraordinary General Shareholders' Meetings may be called as often as necessary, especially if required by law.

General Shareholders' Meetings are convened by the Board of Directors and, if necessary, by the auditors. Shareholders with voting rights, who together represent at least 5% of the share capital or votes, may issue a written demand to the Board of Directors to convene an Extraordinary General Shareholders' Meeting, indicating the matters to be discussed and the corresponding proposals, and, in case of elections, the names of the nominated candidates (Art. 11 of the Articles of Association).

Inclusion of items on the agenda

According to Art. 12 para. 3 of the Articles of Association, shareholders with voting rights who represent at least 0.5% of the share capital or the votes may demand that an item be included on the agenda with a statement of the motions or that a motion relating to an agenda item be included in the invitation convening the General Shareholders' Meeting. Such requests must be addressed in writing to the Chair of the Board of Directors no later than 60 days before the meeting.

Registration in the share register

For administrative reasons, the share register is closed approximately one week prior to the date of the Annual General Shareholders' Meeting, which is scheduled to be held on June 11, 2024. Admission cards and voting forms are sent to shareholders during this period. The shares can be traded at any time and are not blocked. Detailed information on the invitation to the 2024 AGM is available here.

Changes of control and defense measures

Duty to make an offer

The Articles of Association of Sonova Holding AG do not contain provisions for opting out or opting up. The result is that an investor who directly, indirectly, or in concert with third parties acquires shares in the company and, together with the shares he/she/it already possesses, thereby exceeds the 33⅓% threshold of voting rights in the company, is required to submit an offer for all shares outstanding, according to Swiss stock exchange law.

Clauses on changes of control

In case of a change of control and a related termination of employment (double trigger), unvested equity instruments granted under the Sonova Executive Equity Award Plan (EEAP) vest on a pro-rata basis only. The EEAP is described in more detail in the Compensation Report and in Note 7.4 to the consolidated financial statements.

Auditors

Duration of the mandate and term of office of the lead auditor

At the Annual General Meeting on June 12, 2023 Ernst & Young AG, Zürich, was re-elected as auditor for Sonova Holding AG and the Sonova Group for the 2023/24 financial year. Ernst & Young AG, Zürich, was first elected at the Annual General Shareholders' Meeting on June 11, 2020. Martin Mattes has served as lead auditor for the auditing mandate since then.

Fees

The auditors charged the following fees during the 2023/24 and the 2022/23 financial year:

1,000 CHF	Ernst & Young 2023/24	Ernst & Young 2022/23
Audit services	2,968	2,644
Audit-related services	259	232
Tax services	0	17
Other non-audit services	187	1,511
Total	**3,414**	**4,404**

Audit services are defined as the standard audit work performed each year in order to issue an audit opinion on the parent company and consolidated financial statements of the Sonova Group, as well as opinions on the local statutory financial accounts or statements. Also included is extra work within the audit that can only be provided by the Sonova Group auditor, such as auditing of non-recurring transactions or the implementation of new accounting policies, as well as consents and comfort letters in relation to regulatory filings.

Audit-related services consist of support to the audit, such as providing advice on new accounting rules; this could be provided by sources other than the auditor who signs the audit report.

Tax services consist of services in connection with compliance with tax laws.

Other non-audit services in the financial year 2022/23 mainly consisted of development services rendered by Digital Detox Ventures Limited, a third party company unrelated to Sonova. Due to the acquisition of the said company by an Ernst & Young affiliate, Sonova had to disclose all fees paid subsequent to the effective date of the acquisition (August 1, 2022). This led to a significant increase in the disclosed fees for non-audit services in the 2022/23 financial year. In order to continue to ensure Ernst & Young' AG's independence as auditors while at the same time trying to minimize the impact on the timeline of Sonova's project, Sonova swiftly initiated the mutual termination of the development agreement with effect still during the 2022/23 financial year and avoided any spillover to the 2023/24 financial year.

The values of audit, audit-related, tax, and non-audit services are in line with ratios suggested by commonly applied good practice standards that relate to the independence of auditors. A formal policy issued by the Audit Committee is in place that regulates all non-audit assignments of the auditors.

Informational instruments pertaining to the external audit

The external auditors report their findings semi-annually directly to the Audit Committee of the Board of Directors. In the 2023/24 financial year, the external auditors attended three out of four Audit Committee meetings physically or by telephone conference. The Audit Committee of the Board of Directors reviews the performance, compensation, and independence of the external auditors on a regular basis. The Audit Committee reports its findings to the Board of Directors on a quarterly basis.

Information policy

The Sonova Group pursues an open and active information policy. A governing principle of this policy is to treat all stakeholders alike and to inform them at the same time. It is our aim to inform our shareholders, employees, and business partners in the most direct, open, and transparent way possible about our strategy, our global activities, and the current state of the company.

All publications are made available to all shareholders, the media, and the stock exchange at the same time. All shareholders entered in the share register automatically receive the summary report and an invitation to the Annual General Shareholders' Meeting of Sonova Holding AG. Sonova uses a news service that delivers press releases to interested stakeholders.

The website of the Sonova Group, www.sonova.com, contains information on the company results and the financial calendar as well as current investor presentations. The Investor Relations function includes presentations of annual and interim results, investor presentations, and presentations held at other events.

The official means of publication of Sonova Holding AG is the Swiss Official Gazette of Commerce.

On the www.sonova.com/en/registration-sonova-news-alert website, it is possible to subscribe to news alerts about Sonova via email. Messages are sent in English and German, and it is possible to state theme preferences for the alerts received. All Sonova media releases can be found at www.sonova.com/en/media/news.

More information tools, permanent sources of information, and contact addresses are shown at the end of this annual report.

Securities trading policy and black-out periods

The Board of Directors maintains a policy that prohibits the use of confidential information by corporate insiders. It institutes blocking periods to prevent insiders from trading in securities of Sonova Holding AG during sensitive time periods and requires pre-trading clearance for members of the Board of Directors, the Management Board, and selected employees.

This policy defines general trading black-out periods, during which the members of the Board of Directors and the Management Board as well as certain employees of Sonova Group are prohibited from trading in securities of Sonova Holding AG and/or related financial instruments, subject to exemptions provided by Swiss law (e.g., for share buyback programs). The recurring trading black-out periods begin one month prior to the end of any half year or full year reporting period of Sonova and end two full trading days following the respective public release. The exact dates are communicated by email to all persons involved. Sonova may impose additional special trading black-out periods at any time for any reason.

In cases of personal hardship, the CEO and the CFO, acting jointly and following consultation with the Group General Counsel, may allow exceptions to a black-out period upon a reasoned request by the employee concerned. In case options or warrants granted under any employment compensation plan falls within a black-out period and if the applicable plan provides for the automatic exercise or sale of such options or warrants during the black-out period, such options or warrants may be automatically exercised or sold during the black-out period by the plan administrator and as provided for in the relevant plan.

Compensation report

At Sonova, employees help people to hear the world, and with it improving their lives. We come to work every day knowing that continuous innovation across all disciplines, our shared engagement as a team, and our responsible approach to all things we do bring the delight of hearing to millions of people. Therefore, we team up. We grow talent. We bring together people of diverse backgrounds to win with the best team in the marketplace. We attract, retain, and develop skilled, dedicated, and ambitious colleagues who continuously improve and grow the company for all our stakeholders.

This compensation report describes Sonova's compensation principles and system, as well as the method of determining the compensation of members of the Board of Directors and the Management Board. It also explains the roles, responsibilities, and governance procedures involved in the design, approval, and implementation of compensation plans. More information on topics such as Board composition, independence, diversity, competence, evaluation, and risk and compliance management, as well as corporate responsibility, can be found in the corporate governance report.

The compensation report provides the context for the shareholder votes on the compensation of the Board of Directors and the Management Board, submitted for approval at the 2023 Annual General Shareholder Meeting (AGM). At year-end 2022, the Ordinance Against Excessive Remuneration in Listed Corporations (VegüV) was transposed into the revised Swiss Code of Obligations (OR). This report complies with the requirements laid out in the OR, the standard relating to information on Corporate Governance of the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of the Swiss national federation economiesuisse.

It has the following structure:

1. Introduction by the Chair of the Nomination and Compensation Committee
2. At a glance
3. Compensation policy and principles
4. Compensation governance
5. Compensation components and system
6. Compensation for the financial year
7. Share ownership information

For ease of reference, abbreviations are also summarized in a glossary at the end of this report.

1. Introduction by the Chair of the Nomination and Compensation Committee

Dear Shareholders,

I am pleased to share with you Sonova's 2023/24 compensation report.

The Nomination and Compensation Committee (NCC) focused on its regular activities throughout the year, including the determination of compensation for members of the Board of Directors and the Management Board, the succession planning for positions on the Board of Directors and the Management Board, and the preparation of the compensation report as well as of the say-on-pay votes at the AGM.

Transparency and clarity of disclosures

Our compensation system is aligned with the company strategy. It reflects and is tied to the business results and to the interests of our shareholders. We strive for transparency and for the clarity of our disclosures. We continue to enhance the information provided on compensation and it's alignment with short and long term business results and we have further expanded our ESG target disclosures.

You will find additional graphical information enhancing the clarity in target setting and remuneration on short and long-term targets. We have also reviewed and adjusted our peer group for better comparison and transparency of our relative Total Shareholder Return (rTSR).

To support the strategy implementation the NCC put special emphasis on talent, compensation and sustainable business practices. The search and development of talent are key in an innovation and audiological care based company like Sonova. The attraction and retention of talent and specialized professionals globally are an integral part of our strategy. We invest time and resources in the development of our employees across our businesses and locations. We continue to expand the eligibility of our key talent to participate in the EEAP program. To strengthen the corporate sustainability and sustainable business approach, relevant environmental, social and governance (ESG) targets are reflected in the Variable Cash Compensation (VCC) of the Management Board. These ESG targets are aligned with our ESG strategy and described in our corporate sustainabilitydescribed in our ESG Report and aligned with our ESG strategy IntACT, which focuses on four key areas: serving society, advancing our people, acting with integrity and protecting the planet.

At Sonova we are convinced that a balanced gender representation on the Board of Directors and in the Management Board leads to the best results and is in the best interest of the Group and its shareholders. In fiscal year 2023/24 we have 33.3% women on the Board of Directors and 37.5% on the Management Board. Furthermore, in our endeavor for diversity, equality and inclusion our gender distribution across the Sonova Group is of 28.3% women in senior management positions (vs 22% in 2022/23) and 39.9% in middle management position (vs 36.4% in 2022/23). As part of it's responsibilities the Board of Directors continues to focus on succession planning, ensuring a balanced, diverse and competent board composition. The criteria used are the breadth and depth of competencies and the business and managerial experience required to govern the company's business and the implementation of the strategies.

Board of Directors

In line with a consistent succession planning, Sonova announced in November 2023 that it will nominate Gilbert Achermann for election as a new independent Board member at the 2024 AGM. The Board of Directors further announced that it intends to nominate Gilbert Achermann to succeed the current Chair, Robert Spoerry, at the AGM 2025.

Management Board

Katya Kruglova joined Sonova as GVP Human Resources & Communications in May 2023.

2024 AGM

The total compensation awarded to the members of the Board of Directors for the actual term in office is well within the limit approved at the 2023 AGM. The compensation awarded to the members of the Management Board for the reporting year is also well within the limit approved at the 2022 AGM. At the 2024 AGM, you will have the opportunity to express your opinion on our compensation principles and system by way of a consultative vote on the compensation report. We will also ask for your approval on the maximum aggregate compensation amounts for the Board of Directors for the next term of office, which ends at the 2025 AGM, and for the Management Board for the 2025/26 financial year.

On behalf of the Board of Directors, I would like to thank you for your continued support. We trust you find this report informative and we remain confident that our compensation system rewards performance in a balanced, sustainable and transparent way that aligns well with our shareholders' interests.

Yours sincerely,

Roland Diggelmann
Chair of the NCC

2. At a glance

Board of Directors compensation

The expected compensation paid for the period from the 2023 AGM until the 2024 AGM of CHF 3,094,000 is within the amount of CHF 3,230,000 approved by shareholders.

The effective compensation paid for the period from the 2022 AGM until the 2023 AGM of CHF 3,320,000 is within the amount of CHF 3,450,000 approved by the shareholders.

Annual retainer	Cash (CHF)	Shares (CHF)
Board chair	430,000	370,000
Board member	100,000	160,000
Aditional fees	**Chair (CHF)**	**Member (CHF)**
Vice-chair	15,000	n.a.
AC/NCC	40,000	20,000

To ensure their independence in their supervisory function, members of the Board of Directors receive a fixed compensation in form of board retainer in cash and restricted shares and committee fees in cash.

Shares are restricted for a period of 5 years and 4 months (chair)and 4 years and 4 months (members) to strengthen the alignment with shareholder interests.

Approved versus effective total compensation for the members of the Board of Directors

Total compensation	Approved	Effective
in CHF 1,000		
2023 AGM–2024 AGM	3,230	3,100[1)]
2022 AGM–2023 AGM	3,450	3,320

1) this compensation period is not completed yet, estimated amount

Members of the Board of Directors are subject to minimum share ownership rquirements of CHF 200,000.

Management Board compensation

The compensation awarded for the 2023/24 financial year of CHF 12,500,000 is within the amount of CHF 16,000,000 approved by the shareholders.

Approved versus effective total compensation for the membersof the Management Board

Management Board	Fixed salary	Short-term cash incen-tive (VCC)	Long-term equity incen-tive (EEAP)
CEO	900,000	89% of fixed salary (at target)	238% of fixed salary (at target)
MB members	482,000 on average	up to 50% of fixed salary (at target)	up to 178% of fixed salary (at target)

The STI payout amounts to 73.4% for the CEO and 66.0% for the other members of the Management Board on average.

The LTI vesting level amounts to:

- 100% for the options awarded in 2020, 2021 and 2023 and 58.2% for the options awarded in 2022
- 115.4% for the PSUs

The compensation of the Management Board consists of fixed and variable performance-based compensation and is based on the following principles:

- Pay for performance
- Alignment with shareholder interestes
- Market competitiveness
- Alignment with company's values

Total compensation	Approved	Effective
in CHF 1,000		
2023/24 financial year	16,000	12,500
2022/23 financial year	15,800	11,300

The CEO and members of the Management Board are subject to minimum share ownership requirements of CHF 1,000,000 and CHF 200,000 respectively.

Governance

- Authority for decisions related to the compensation of the Board of Directors and the Management Board is governed by the Articles of Association.
- The prospective maximum aggregate amounts of compensation of the Board of Directors and of the Management Board are subject to binding shareholder votes at the AGM.
- The compensation report is subject to a consultative shareholder vote at the AGM.

3. Compensation policy and principles

Sonova's objective is to engage the best talent needed to ensure our success and maintain our position as the world's leading manufacturer and provider of innovative hearing care solutions and services. To support this objective, our compensation system is based on the following principles:

Sonova's compensation principles

Pay for performance

Compensation rewards best-in-class performance. A large portion of compensation depends on the company's performance and individual contributions. We recognize both short-term success and long-term value creation through a well-balanced combination of incentive plans.

Market competitiveness

To be able to attract, motivate, and retain talented executives and employees, compensation is periodically benchmarked and is in line with competitive market practice.

Alignment with shareholders' interests

A substantial portion of the compensation of the Board of Directors and the Management Board is delivered in company equity. We also apply share ownership guidelines to foster the long-term commitment and alignment of their interests with those of our shareholders.

Alignment with company's values

Compensation incentivizes behaviour that is in line with our high standards of integrity and our values: we care, we drive innovation, we strive for excellence, we take accountability and we build the best team. We are committed to diversity, inclusion and to the principle of equal pay for equal work. ESG considerations are integrated in the compensation of the Management Board.

We are committed to the principle of equal pay for equal work and are taking all necessary steps in our job evaluation and leveling processes to ensure a fair compensation system. We regularly review compensation in terms of relevant local legal and regulatory equal pay requirements as they continue to evolve. Internally, we analyze whether we pay female and male employees equally for the same job or an equally valued role and take corrective actions if necessary.

The compensation of the Board of Directors consists of fixed compensation only, paid partly in cash and partly in restricted shares. The independence of the Board of Directors in its supervisory function is reinforced by the practice that no performance-related compensation is awarded.

The compensation of the Management Board consists of fixed and variable, performance-based, compensation components. The base salary and benefits form the fixed components and are determined based on current market practice. The performance-based compensation includes a short-term cash incentive and a long-term equity incentive. Performance targets for the VCC and EEAP are defined at the beginning of the performance period and assessed at the end.

To avoid compensation for inappropriate risk taking or short-term profit maximization at the expense of the long-term health of the company, a cap applies to both the short-term and the long-term variable compensation component and claw-back provisions apply to the VCC.

4. Compensation governance

4.1 Nomination and Compensation Committee

As determined in the Articles of Association, the Organizational Regulations, and the NCC Charter of Sonova Holding AG, the NCC supports the Board of Directors in the fulfillment of its duties and responsibilities in the areas of compensation and in personnel related matters. Its tasks and responsibilities include, among others:

- Periodical review of Sonova's compensation principles
- Periodical benchmark reviews covering the compensation of the members of the Board of Directors (including the Chair of the Board of Directors), the CEO, and the other members of the Management Board
- A yearly review of the individual compensation of the CEO and of the other members of the Management Board, including the VCC and the EEAP
- Review and amendment of the target setting and related performance appraisal of the members of the Management Board (prepared by the CEO) and of the CEO (prepared by the Chair of the Board of Directors)
- Preparation of the compensation report
- Succession planning of the Management Board and the Board of Directors
- Selection and nomination of candidates for the role of the CEO, for nomination to the Management Board as proposed by the CEO, as well as pre-selection of suitable candidates for the Board of Directors
- Periodical review of the employment terms and policies

Decision on	CEO	NCC	Board of Directors	AGM
Compensation principles and system for the Board of Directors and the Management Board		proposes	approves	
Maximum aggregate amount of compensation for the Board of Directors and the Management Board to be submitted to shareholders' vote		proposes	reviews and proposes to AGM	binding vote
Individual compensation, including cash components and shares, to be granted to the members of the Board of Directors [1]		proposes	approves	
Individual compensation, including fixed base salary, variable cash compensation and long-term equity incentives, of the CEO [1]		proposes	approves	
Employment terms of the CEO [1]		proposes	approves	
Individual compensation, including fixed base salary, variable cash compensation and long-term equity incentives, of the Management Board (excluding CEO) [1]	recommends	proposes	approves	
Annual total amount of long-term equity incentives to be granted to all other eligible employees	recommends	proposes	approves	
Compensation report		proposes	approves	consultative vote

[1] Within the framework of the Articles of Association and the maximum aggregate amount of compensation approved by the AGM.

The NCC consists exclusively of independent and non-executive members of the Board of Directors, who are elected individually and annually by the AGM. For the period under review, the NCC consisted of Roland Diggelmann (Chair of the NCC), Lukas Braunschweiler, Stacy Enxing Seng, and Julie Tay.

The NCC meets as often as business requires but at least four times per year. In the 2023/24 financial year, it held four meetings covering, among others, the following pre-defined recurring agenda items:

Item	May	September	November	January	March
	Beginning of the financial year				End of the financial year
Compensation policy& process			– Preview of group wide salary review for the following financial year	– Reconfirmation of group wide salary review for the following financial year – Reconfirmation of group wide EEAP grant size – Equity valuation for EEAP (options and PSU) – Approval of group wide EEAP grant size – Approval of EEAP plan regulations	
Management Board (MB) & Board of Directors (BoD) matters	– Approval of payout of VCC for the previous financial year and vesting of EEAP for the previous EEAP cycle		– Preview of target compensation review for the following financial year (incl. EEAP grant)	– Review of target compensation for the following financial year (incl. EEAP grant) – Setting of EEAP performance targets for the next EEAP cycle – Approval of VCC performance scheme for following financial year	
Governance	– Approval of corporate governance and compensation report as well as compensation part of the AGM invitation – Proposal of maximum aggregate amount of compensation of MB and BoD to be submittet to AGM vote – Share ownership status review of the MB and BoD Review and approval of NCC charter	– Review of proxy advisor/ shareholder feedback on compensation report – Board evaluation	– Review of proxy advisor/ shareholder feedback on compensation report	– Approval of enhanced disclosure items for Compensation Report 2023/24	– Review of draft compensation report
Nomination		– Succession planning for the BoD		– Succession planning for the BoD	

Special ad hoc items such as personnel changes at executive level are covered as and when appropriate.

As a general rule, the Chair of the Board of Directors, the CEO, and the GVP Corporate Human Resource Management & Communications (HRM) participate in the NCC meetings. However, they do not participate during the sections of the meetings where their own performance and/or compensation is discussed.

There is a closed session (without the participation of any executive or guest) after each NCC meeting. The Chair of the NCC reports to the Board of Directors on its activities and recommendations after each meeting. The minutes of the NCC meetings are available to the Board of Directors.

External advisors

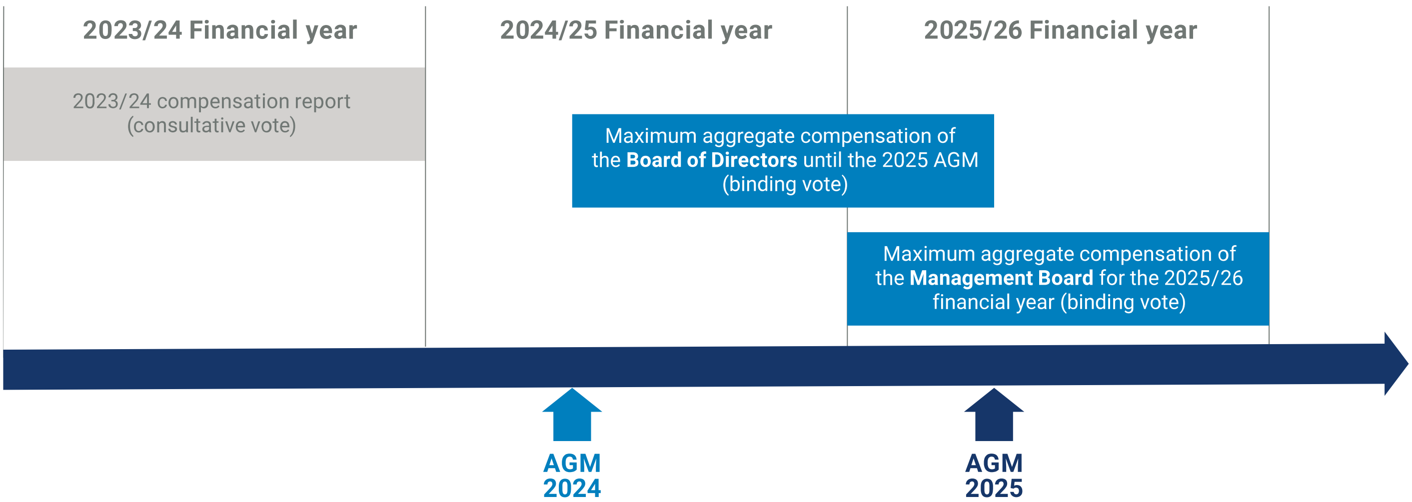
The NCC may decide to consult external advisors for specific compensation matters. In the 2023/24 reporting year, Aon was tasked with the performance share unit (PSU) valuation and performance measurement under the EEAP; Algofin performed the option valuation. Support and expertise are also provided by internal compensation experts such as the GVP HRM & Communication and the VP Total Rewards. The external advisors had no other mandates for Sonova during the reporting year.

4.2 Governance and shareholder involvement

Authority for decisions related to compensation of the members of the Board of Directors and the Management Board is governed by the Articles of Association.

The prospective maximum aggregate compensation amounts to be awarded to the Board of Directors and the Management Board are subject to a yearly binding shareholder vote at the AGM. The provisions of the Articles of Association foresee that shareholders vote prospectively: on the maximum aggregate compensation for the Board of Directors for the period until the next ordinary AGM, and for the Management Board for the following financial year. In addition, Sonova annually submits the compensation report to a consultative shareholder vote, so that our shareholders have an opportunity to express their opinion on the compensation of the previous financial year.

Over the past several years Sonova has engaged in ongoing dialogue with shareholders and proxy advisors and has made significant efforts to continuously improve its compensation disclosure in terms of transparency and level of detail provided about its principles and system of compensation. In 2021/22 introducing the “At a Glance” section, 2022/23, more detail related to the VCC payout % were disclosed and in this report more information on benchmarking and rTSR companies used for the achievement calculation.



Matters to be voted on at the 2024 Annual General Shareholders’ Meeting

The maximum aggregate compensation amount for the Board of Directors comprises fixed compensation components, including a cash retainer and restricted shares as well as committee fees (as applicable).

The maximum aggregate compensation amount for the Management Board (including the CEO) comprises:

Fixed compensation components:

- Fixed base salary, value of benefits and employer's contributions to Sonova's pension plan.

Variable compensation components:

- Short-term cash incentive award (VCC): maximum possible payout under the VCC, should the achievement of all performance objectives reach the cap.
- Long-term equity incentive award (EEAP): fair value of the equity awards at grant (options and PSUs).

Due to the maximum possible VCC payout, the maximum aggregate compensation amount submitted to shareholder vote is very likely to be higher than the actual amount of total compensation for the members of the Management Board based on the performance achieved in the financial year. The total compensation amount awarded to the Management Board will be disclosed in the compensation report for the respective financial year, which will be subject to a consultative shareholder vote at the AGM.

We are convinced that the binding prospective votes on the maximum aggregate compensation amounts, combined with a consultative retrospective vote on the compensation report, provide Sonova's shareholders with a far-reaching "say on pay."

Articles of Association

The Articles of Association regarding the compensation of the members of the Board of Directors and the Management Board were revised and approved by the 2014 AGM, and amended and approved to be compliant with the revised OR by the 2023 AGM. The Articles of Association include the following provisions on compensation:

- Powers and duties (Art. 24)
- Approval of compensation by the General Shareholder Meeting (Art. 10 para. 5/Art. 26)
- Additional reserve amount for changes in the Management Board (Art. 27)
- General compensation principles (Art. 28)
- Maximum consideration for non-competition agreement (Art. 29 para.3)
- Prohibition on loans (Art. 31)

The Articles of Association are available in their entirety here.

4.3 Process of determining compensation

Compensation structure and components

The compensation structure and components for the Board of Directors and the Management Board are reviewed periodically (at least every three years) to ensure they continue to be aligned with Sonova’s strategy as well as with market practice.

Benchmarks

Sonova conducts a benchmarking analysis of the levels of total compensation for members of the Board of Directors and of the Management Board at regular intervals (every two to three years). The benchmark reviews conducted in 2021/22 for the Management Board were based on two peer groups: a peer group of Swiss listed companies and a peer group of international companies that are active in similar fields of activity.

Swiss Listed Companies

Barry Callebaut, Bucher, Dormakaba, EMS Chemie, Geberit, Georg Fischer, Givaudan, Lindt, Mettler Toledo, OC Oerlikon, Schindler, SGS, SIG Combibloc, Sika, Straumann, Sulzer, Swatch, Tecan, VAT Group

International companies

Alcon, Amplifon, Cochlear, Coloplast, Dentsply Sirona, Fielmann, Fresenius Medical Care, GN Store Nord, GrandVision, Hill-Rom Holdings, Hologic, Smith & Nephew, William Demant, Zeiss Meditec

A thorough benchmarking review was conducted in the course of the 2021/22 reporting year to help ensure appropriate compensation for the Board of Directors and the Management Board both in terms of structure and overall levels. A new benchmarking review will be conducted in the course of the 2024/25 reporting year.

As a general outcome and compared to both peer groups, the compensation structure of the Management Board continues to be more performance oriented (and less fixed) than that of peer companies. Otherwise, the compensation levels are in line with prevalent market practice.

Performance management

The actual compensation of the members of the Management Board in a financial year depends on the performance of the Group and/or respective business unit, as well as on individual performance, which is assessed through the formal annual performance review process. Financial, business unit, ESG and individual performance objectives are normally approved at the beginning of the financial year and achievements against those objectives are generally assessed at the end of the financial year, according to Sonova’s performance appraisal process.

5. Compensation components and system

5.1 Overview of compensation components

The table below provides an overview of the compensation components for the Board of Directors and the Management Board, with more details on both included later in the report:

	Management Board [1]	Board of Directors [1]
	CEO/CFO/GVPs	**BoD**
Fixed compensation components		
Fixed base salary	X	
Benefits [2]	X	
Expense allowance [3]	X	
Cash car allowance [3] [4]	X	
Cash retainer (fixed fee)		X
Restricted shares		X
Committee fee [5]		X
Pension benefits		
	X	
Variable compensation components (performance related)		
Short-term cash incentive award VCC	X	
Long-term equity incentive award [6] EEAP	X	
Social and other benefits		
Other benefits	X	

1) Mandatory social security constributions (AHV/ALV or for the international MB the local equivalent company costs) are paid by Sonova and disclosed in the compensation report
2) MB members under a non-Swiss employment contract receive benefits in line with local practice
3) Only for MB members with a Swiss employment contract
4) Flat rate cash car allowance
5) If applicable
6) Awarded in the form of Performance Options and PSUs

5.2 Board of Directors compensation system

Role, responsibility and commitment

Sonova needs to be able to attract and retain members of the Board of Directors who are highly experienced and motivated to contribute their specific business expertise and perform a critical role in the strategic oversight of the company.

Requirements – in terms of qualifications, skills, and experience – for directors of international listed companies are becoming ever more stringent. Sonova's Board of Directors has the relevant and necessary skill set to ensure proper professional supervision, including international, industry, and subject specific experience.

The compensation structure reflects varying responsibilities, committee memberships, workloads and time commitments, so individual compensation levels are not the same. The Chair of the Board of Directors, for example, devotes a substantial amount of his time to mandated duties, including leading the Board of Directors, coordinating Board and committee meeting agendas and topics with committee chairs, and contributing to and participating in committee meetings as guest.

The Chair of the Board of Directors is also responsible for the continued development and adaptation of Sonova's governance to meet regulatory and corporate requirements, preparing for and conducting the AGM, and overseeing the annual report, as well as advising the CEO on key strategic, financial, HR, and operational matters. His role also encompasses third party interactions such as shareholder inquiries and requests about corporate governance and corporate responsibility as well as meetings with proxy advisors. His sound understanding of the company, developed over many years of service, is a unique and valuable qualification that we believe provides a substantial benefit to Sonova and its shareholders.

More details on the Board of Directors' composition, diversity, competencies, evaluation, risk and compliance management, as well as corporate responsibility, can be found in the corporate governance report.

Compensation structure

It is important that compensation components are structured to create a strong alignment with the interests of our shareholders. In line with best practice, a significant portion of the compensation of the Board of Directors consists of restricted shares; members of the Board of Directors receive no variable or performance-based compensation and are not eligible to participate in the occupational pension plan.

The compensation of members of the Board of Directors is defined in a regulation adopted by the Board of Directors. It consists of fixed compensation: a cash retainer and shares with a restriction period of five years and four months (Chair of the Board of Directors) or four years and four months (all other members). In addition, members of the Board of Directors receive committee fees (if applicable).

Compensation structure 2023 AGM to 2024 AGM

Annual fees in cash in CHF	Chair[1]	Board members excl. Chair
Cash retainer	430,000	100,000
Vice-Chair	n.a.	15,000
Chair of AC/NCC	n.a.	40,000
Member of NCC/AC	n.a.	20,000

[1] Including attendance as guest in the NCC and the AC

Restricted shares in CHF	Chair	Board members excl. Chair
Market value at grant	370,000	160,000

The annual fees in cash are paid shortly after the end of the respective term of office. The compensation of members of the Board of Directors is subject to mandatory employer social security contributions (AHV/ALV). These contributions are paid by Sonova and are disclosed in the compensation report in compliance with Sonova's reporting obligations.

Sonova does not grant contractual severance payments to members of the Board of Directors, nor does Sonova make advance payments or grant loans to them.

Sonova Share Ownership Guidelines

To further align the interests of the Board of Directors with those of our shareholders, the Sonova share ownership guidelines require the members to hold a fixed value in shares.

Members of the Board of Directors are required to maintain a minimum shareholding equivalent to CHF 200,000. They have two months from the first grant of restricted shares to achieve 80% of the required shareholdings, and one year and two months from the same point in time to achieve the full required shareholdings. The requirements of the guidelines can be met through shareholdings in the form of the restricted shares awarded as part of compensation and, if applicable, through share purchases on the open market. Compliance with the shareholding requirement is reviewed annually by the NCC with an effective date March 31.

5.3 Management Board compensation system

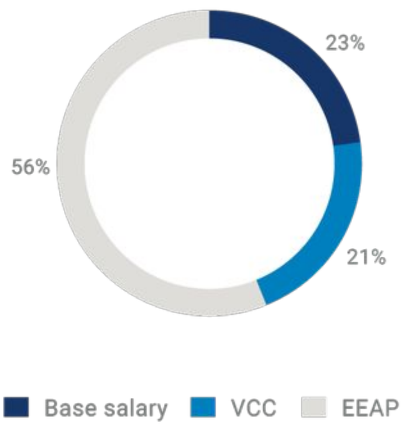
As outlined in the introduction to this compensation report, the compensation system of the Management Board is linked to the company's strategy and business results, and aligns with the interests of our shareholders, rewarding performance in the context of the business and the market. This compensation system has proven to be effective over several years.

The compensation of the Management Board (including the CEO) is defined in several regulations adopted by the Board of Directors and comprises:

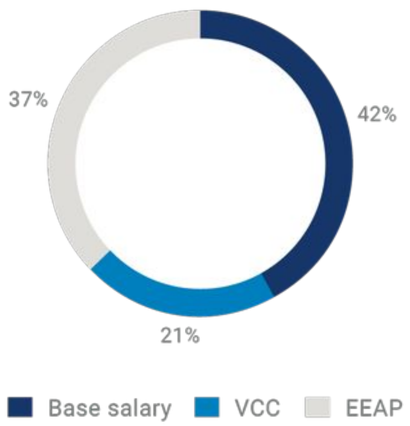
- A fixed base salary;
- A short-term cash incentive award (VCC);
- A long-term equity incentive award (EEAP); and
- Employee benefits, such as pension benefits, flat rate cash car allowance, expense allowance, relocation benefits for certain affected members, as well as social security contributions.

The charts below illustrate the compensation mix excluding employee benefits at target for the CEO, Arnd Kaldowski, and the Management Board in the 2023/24 financial year:

Compensation mix of the CEO, Arnd Kaldowski



Compensation mix of the other members of the Management Board[1]



[1] Average mix

The table below provides an overview of the compensation components of the Management Board, with more details on the following pages. The ratio of the VCC and the EEAP as a percentage of the fixed base salary shown in the table on the next page can vary slightly year-on-year, depending on which component (if any) is adjusted as a result of the compensation review.

Compensation structure 2023/24 financial year

	Fixed compensation components		Variable compensation components	
	Fixed base salary	**Benefits**	**Short-term cash incentive award (VCC)**	**Long-term equity incentive award (EEAP)**
Purpose	Ensures a predictable payment, depends on the market value of the role and the profile of the incumbent	Establishes level of security in line with local market practice Mandatory and voluntary benefits plans offered by the employer	Rewards performance against key performance indicators (KPIs) at Group and business unit level as well as the achievement of individual objectives	Rewards long-term value creation and reinforces alignment with shareholder interests
Vesting Period	n.a.	n.a.	financial year	Options 16–52 months
KPIs	n.a.	n.a.	**A – Group** Sales, EBITA, FCF, EPS **B – Business Unit** Sales, EBITA, ASP **C – ESG objectives** **D – Individual objectives**	ROCE
Delivery	Cash, regularly	Country specific	Cash	Options
Restriction period	n.a.	n.a.	n.a.	Five years from grant date
Cap	n.a.	n.a.	yes	yes
CEO Ratio in % of fixed base salary:	n.a.	n.a.	Target of fixed base salary: **89%** Range of fixed base salary: **0% – 178%**	Target of fixed base salary: **238%** Range of fixed base salary: **0% – 327%**
MB (excl. CEO) Ratio in % of fixed base salary:	n.a.	n.a.	Target of fixed base salary: **up to 50%** Range of fixed base salary: **0% up to 100%**	Target of fixed base salary: **up to 178%** Range of fixed base salary: **0% – 268%**

[1] Within the framework of the Articles of Association and the maximum aggregate amount of compensation approved by the AGM.

Fixed base salary

The fixed base salary ensures a recurrent payment in cash in regular instalments. The salary level is based on the scope and complexity of the position, market norms and benchmarks, and the individual's profile in terms of experience and skills. Salary progression depends primarily on the individual's performance, as well as on market developments and the economic environment.

Short-term cash incentive award (Variable Cash Compensation)

Sonova's VCC aims at aligning a significant part of compensation to budget achievements in a given financial year. The VCC is an integral component of the compensation for members of the Management Board, defined as a percentage of the annual fixed base salary. At target, it amounts to 89% of the fixed base salary for the CEO and up to 50% for the other members of the Management Board.

The Board of Directors normally determines the target performance level for each key performance indicator (KPI) annually for the following financial year, based on the recommendation of the NCC. The targets are generally set in such a way that on an adjusted basis, substantial improvements from the previous financial year's achievement are required, in line with the company's ambitious mid- and long-term financial plans. Setting demanding and ambitious targets helps Sonova strive to deliver best-in-class performance and stay ahead of the market. Lower and upper performance thresholds are also set, below which the payout percentage is zero, and above which it is capped at 200%, with the exception of sales at 250% and certain ESG targets at 100%. Payout levels between the threshold, the target, and the maximum are calculated by linear interpolation.

The VCC for the Management Board is based on four categories of performance objectives:

- Group Financials
- Business Unit Financials
- ESG Performance (Group and Individual objectives)
- Individual Performance objectives

Group financial objectives are based on the budget; the specific KPIs can include sales, EBITA, FCF, and EPS. The corresponding Group performance targets for the financial year 2023/24 are disclosed in the table below.

Business unit financial objectives include sales, EBITA, ASP, and margin of the respective business unit. These KPIs have been chosen because they are the key drivers for the long-term success of Sonova; they reward for expanding the business, gaining market share, and further increasing profitability through operating leverage.

In broad terms, the rationale for applying these particular financial Group and business unit performance indicators in determining the VCC is as follows: sales correlate with market success, EBITA reflects profits, and margins reflect profitability, ASP tracks value add and price discipline and FCF represent operational and capital efficiency, respectively. As for the performance indicators linked to the external market, earnings per share are important to shareholders and for the determination of the share price. Group and business unit financial performance objectives are generally weighted at 75% of the overall VCC.

In line with our strategy and to reflect Sonova's corporate sustainability and sustainable business approach, business relevant ESG targets are formally reflected in the Variable Cash Compensation (VCC) of the Management Board. These targets are drawn from IntACT, our ESG strategy our ESG strategy outlined in Sonova's ESG Report. IntACT operates in four key areas: serving society, advancing our people, acting with integrity, and protecting the planet. ESG performance objectives represent 10% of the overall VCC: in general, 5% are allocated to two Group objectives that are consistent for all Management Board members, and 5% are allocated to one to three individual objectives for each Management Board member.

The individual performance component is based on the achievement of individual objectives defined at the beginning of the financial year between the CEO and individual members of the Management Board – and, for the CEO, between the Board of Directors and the CEO. The total weight of the three to eight individual performance objectives for each member of the Management Board is generally 15% of the overall VCC.

Ranges of performance objectives for members of the Management Board

Performance Objective	CEO/CFO	Other members of the MB	Minimum payout (threshold)	Target payout (target)	Maximum payout (cap) [1]
A – Group objectives					
Sales	20%	10% – 20%	0%	100%	250%
EBITA	0%	10% – 20%			200%
FCF	20%	10% – 20%			
EPS	35%	0% – 15%			
B – Business objectives [2]					
Sales		0% – 25%	0%	100%	250%
Profitability		0% – 20%			200%
ASP		0% – 5%			
Margin		0% – 15%			
C – ESG objectives					
ESG objectives	10%	10%	0%	100%	100% – 200%
D – Individual objectives [3]					
Initiatives/Projects	15%	15%	0%	100%	200%

1) The overall maximum payouts is capped at 200%.
2) Not all of the business objectives apply to all members of the Management Board.
3) In exceptional circumstances, up to 35% (e.g. to support key strategic initiatives).

Long-term equity incentive award (Executive Equity Award Plan)

The purpose of the EEAP is to ensure long-term value creation for the company, alignment of the interests between shareholders and the members of the Management Board, and the long-term retention of talent at Sonova.

The EEAP is offered annually to the members of the Management Board. The Board of Directors determines the individual grant level to the members of the Management Board based on the recommendation of the CEO, and to the CEO based on the recommendation of the NCC. Generally, the grant date is on February 1 each year.

Under the EEAP, the CEO receives an equity compensation mix of 62.5% in performance options and 37.5% in PSUs and the other members of the Management Board are awarded 50% in performance options and 50% in PSUs.

Performance Options

A portion of the EEAP is allocated in the form of performance options. This reflects the growth-focused strategy and the desire to further strengthen the alignment of the Management Board compensation with our shareholder interests.

Options granted under the EEAP vest in four equal annual instalments over a period of 16 – 52 months, depending on ROCE achievement. The first tranche vests on June 1 of the year following the grant year (16 months after grant date). The exercise price of the options is the closing price of the Sonova share on the Swiss Stock Exchange (SIX Swiss Exchange) at the grant date, and the life of the options is 10 years.

The fair value of the options is calculated at the grant date by a third party using the “Enhanced American Pricing Model.” Additional information is available in Note 7.4 to the consolidated financial statements. Re-pricing of any out-of-the-money options granted under the EEAP is prohibited.

For reference, the average vesting period of the options is 34 months. In this way options align management with shareholder interests, as value creation is only realized in the event of increasing share price (see section 6 for more information on the overall levels of the target achievements as well as other qualitative comments).

The vesting of the option granted in the 2023/24 financial year to members of the Management Board is based on ROCE as performance criterionas this metric reflects multiple KPIs, including both the profitability of the company and the efficiency with which Sonova's capital is being employed. The Board of Directors generally determines the target level of performance at which the options will vest in full and a minimum performance threshold below which there is no vesting. The ambition is to continuously improve ROCE over time, in line with strategic planning.

Starting with the options granted in February 2020, and to further foster long-term alignment with shareholder interests, options are subject to a five-year restriction period from the grant date. During this period, even after the vesting date, options cannot be exercised, sold, pledged, assigned, transferred or otherwise disposed of.

Performance Share Units

The other portion of the EEAP is allocated in the form of PSUs.

PSUs are subject to a cliff-vesting of three years and four months, depending on the relative Total Shareholder Return (rTSR) achievement. This external criterion is measured against a peer group of relevant companies and thus incentivizes the Management Board to outperform its peers. Sonova's TSR is measured against the SLI®1) constituents that remain in the index during a performance period of three years and two months from the grant. A performance period slightly shorter than the vesting period provides for sufficient time to measure the performance achievement and receive approval of the calculation prior to vesting. The SLI® was selected to compare Sonova´s performance to other Swiss listed companies with a comparable complexity and geographic footprint, providing a relevant and challenging benchmark for Sonova's value creation.

The fair value of the PSUs is calculated at the grant date by a third party by using the "Monte Carlo Pricing Model." Additional information is available in Note 7.4 to the consolidated financial statements.

As with the options, and to further foster long-term alignment with shareholder interests, PSU grants from February 2020 onwards are subject to a five-year restriction period from the grant date. During this period, even after the vesting date, PSUs and underlying shares cannot be sold, pledged, assigned, transferred or otherwise disposed of.

1) For the performance period, only companies which have been constituent in the Swiss Leader Index (SLI) throughout the entire performance period are considered. For the vesting in June 2024, the Comparator Group included the following companies:

Alcon AG, ABB Ltd., Compagnie Financiere Richemont SA, Geberit AG, Givaudan SA, Julius Baer Gruppe AG, Kuehne & Nagel International AG, Holcim Ltd, Logitech International S.A., Lonza Group AG, Nestle S.A., Novartis AG, Partners Group Holding AG, Roche Holding Ltd, Schindler Holding AG, SGS SA, Sika AG, Straumann Holding AG, Swatch Group Ltd. Bearer, Swiss Life Holding AG, Swiss Re AG, Swisscom AG, UBS Group AG, Zurich Insurance Group Ltd

Summary of the EEAP instruments

EEAP 2023		
Equity	**Options**	**PSUs**
Equity Mix CEO	**62.5% of LTI**	**37.5% of LTI**
Equity Mix MB	**50% of LTI**	**50% of LTI**
Grant Date	February 1, 2024	February 1, 2024
Fair Value (to derive number of instruments granted)	Based on Enhanced American Model valuation (Black-Scholes Model for the impact of the restriction period)	Based on Monte Carlo Model valuation
Exercise/Strike Price	**CHF 279.10** (Sonova closing SIX share price on February 1, 2024)	n.a.
Vesting Date	25% vests on June 1, 2025 25% vests on June 1, 2026 25% vests on June 1, 2027 25% vests on June 1, 2028	3 years + 4 months cliff vesting Vest on June 1, 2027
Performance criterion (weighting)	ROCE	rTSR (against the SLI constituents)
Vesting Rules	0%–100% of grant (ROCE) Linear interpolation between threshold, target, and cap	Threshold: 20th percentile = 0% payout Target: 50th percentile = 100% payout Cap: 80th percentile = 200% payout Linear interpolation between threshold, target, and cap
Maximum Vesting Level (of grant)	100%	200% (Capped at 100% if Sonova's absolute TSR is negative)
Restriction Period	Five years from the grant date (January 31, 2029)	Five years from the grant date (January 31, 2029)
Exercise Period	After the end of the restriction period until expiry	n.a.
Maturity/Expiry Date	Total 10 years (January 31, 2034)	No maturity/expiry restriction after vesting

Termination of employment under the long-term equity incentive award (Executive Equity Award Plan)

In the event of termination of employment, unvested awards (PSUs, options, and outstanding RSUs from previous programs) are forfeited. Any applicable restriction period for grants from 2020 onwards continues to apply, unless noted below. Vested options must be exercised within a period of three months (commencing with the expiry of the Restriction Period or, if the Restriction Period has already expired on the Date of Termination.

EEAP termination provisions					
	Unvested PSUs	**Vested PSUs**	**Unvested Options**	**Vested Options**	**Unvested RSU**
Death, disability	Regular vesting	Immediate unblocking	Immediate vesting	Immediate unblocking, 12 months exercise period	Immediate vesting
Retirement	Regular vesting pro rata (if qualified retirement condition is met) or forfeiture (other retirement cases)	Regular restriction	Regular vesting if vesting date within year of termination, otherwise forfeiture	12 month exercise period after the end of the restriction period	Regular vesting if vesting date within year of termination, otherwise forfeiture
Transition-rule[1]	Regular vesting pro rata (until May 2021)				
Termination for cause	Forfeiture	Forfeiture	Forfeiture	Forfeiture	Forfeiture
Termination due to change of control (double trigger)	Immediate vesting pro rata (performance achievement)	Immediate unblocking	Immediat vesting pro rata (performance achievement)	Immediate unblocking	Immediate vesting pro rata

[1] Transition rule for voluntary resignation or termination by company if termination before 31 May 2021 and MB member on service on 1 April 2017

Disclosure of targets

Internal financial targets and individual objectives are generally considered sensitive information. Disclosing those targets would allow insight into our confidential strategic goals. However to increase transparency of our reward plans without disclosing commercially sensitive information, we decided to provide an ex-post performance assessment of the Group under the VCC Plan.

As a general rule, substantial improvements on a comparable basis against the previous period's achievements are required in order to meet the growth targets, in line with the company's ambitious strategic and financial plans and as communicated to the capital market.

Sonova Share Ownership Guidelines

To further align the interests of the Management Board with those of our shareholders, the Sonova share ownership guidelines require Management Board members to hold a minimum fixed value in shares equivalent to the following amounts:

- CEO: CHF 1,000,000
- Other members: CHF 200,000

They have three years and two months after receiving the first grant as a Management Board member to build up the shareholding, with a required progression of one year and two months for a 12.5% achievement, and two years and two months for a 25% achievement. Only shares in the form of fully vested shares awarded as part of compensation and, if applicable, share purchases on the open market are counted. Compliance with the shareholding requirement is reviewed annually by the NCC with an effective date of March 31.

Benefits

As the Management Board is international in its nature, the members participate in the benefit plans available in the country of their employment contract. Benefits consist mainly of retirement, insurance, and healthcare plans that are designed to provide a reasonable level of protection for the employees and their dependents in respect to retirement income, healthcare provision, and coverage against the risk of disability or death.

Sonova maintains defined-contribution plans under the Swiss occupational pension regulations. Pension benefits are provided through the regular pension plan. Members of the Management Board who are under a Swiss employment contract are eligible for the same benefits as all other employees in Switzerland. Members of the Management Board who are under a foreign employment contract receive benefits in line with local current regulatory practice.

The compensation of members of the Management Board who are under Swiss employment is subject to mandatory employer social security contributions (AHV/ALV).

The benefits and company contributions covered by Sonova are disclosed in the compensation report in compliance with Sonova's reporting obligations.

The CEO and selected members of the Management Board are entitled to a flat rate cash car allowance as well as an expense allowance in line with the expense regulations applicable to all members of management in Switzerland, which is approved by the Swiss tax authorities. In an international context, members may also be provided with benefits such as relocation, temporary housing, travel benefits, and tax advice, in line with policies and practices. These other benefits are included in the compensation table at their fair value.

Employment terms and conditions

As part of its commitment to good corporate governance, Sonova has a forfeiture provision in all employment agreements with the Management Board members. It provides for repayment of any compensation paid or granted prior to the AGM's approval if the proposed aggregate compensation of the members of the Management Board is not approved.

All members of the Management Board have permanent employment contracts with a notice period of a maximum of six months. The notice period for the CEO is 12 months. Sonova does not grant contractual severance payments to members of the Management Board, nor does Sonova make advance payments or grant loans to them. There are no change of control provisions other than those highlighted in the EEAP termination provisions. The employment contracts of the members of the Management Board may include non-competition arrangements of a duration of up to 12 months, without any compensation.

Claw-back

Sonova has introduced a claw-back provision allowing the company to reclaim any VCC payment, in part or in full, in the event of an accounting/financial restatement due to non-compliance with financial reporting requirements under the Swiss laws at the time of disclosure. This provision applies to all VCC payments for a period of three years following the financial year related to which the VCC payment has been made.

We believe that the five-year restriction period under the EEAP represents an effective solution to mitigate any impact in the event of an accounting/financial restatement due to non-compliance with financial reporting requirements under the Swiss laws at the time of disclosure.

6. Compensation for the financial year

6.1 Board of Directors compensation

The tables in this section are audited by the external auditor.

The following table shows the compensation for the individual members of the Board of Directors for the 2023/24 financial year (9 members from the 2023 AGM) and for the 2022/23 financial year (10 members). The total compensation in the 2023/24 financial year was CHF 3.1 million (2022/23: CHF 3.3 million).

Board of Directors compensation

in CHF						2023/24
	Cash retainer (fixed fee)	Expenses[1)]	Total cash compensation	Grant value of restricted shares	Total compensation	Employer's social insurance contribution (AHV/ALV)[2)]
Robert F. Spoerry [3)] Chair of the Board of Directors	430,000		430,000	369,808	799,808	45,208
Stacy Enxing Seng Vice-Chair of the Board of Directors Member of the Nomination and Compensation Committee	135,000		135,000	159,924	294,924	18,680
Gregory Behar Member of the Audit Committee	116,667		116,667	159,924	276,591	17,474
Lynn Dorsey Bleil Member of the Audit Committee	120,000		120,000	159,924	279,924	17,693
Lukas Braunschweiler Member of the Nomination and Compensation Committee	123,333		123,333	159,924	283,258	301,538
Roland Diggelmann Chair of the Nomination and Compensation Committee	136,667		136,667	159,924	296,591	18,789
Julie Tay Member of the Nomination and Compensation	116,667		116,667	159,924	276,591	17,202
Ronald van der Vis Member of the Audit Committee	120,000		120,000	159,924	279,924	17,693
Adrian Widmer Chair of the Audit Committee	140,000		140,000	159,924	299,924	19,009
Total (active members)	**1,438,333**		**1,438,333**	**1,649,202**	**3,087,535**	**473,288**
Jinlong Wang	16,667		16,667		16,667[4)]	911
Total (including former members)	**1,455,000**		**1,455,000**	**1,649,202**	**3,104,202**	**474,199**

The compensation shown in the table above is gross and based on the accrual principle.
1) Travel expenses are paid only for attended meetings. The travel allowance was discontinued from the 2022 AGM
2) Employer social security contributions on cash retainer, restricted shares granted during the financial year as well as stock options exercised during the financial year
3) Including NCC and AC work and attendance.
4) Cash retainer paid shortly after the end of the AGM 2022 - AGM 2023 term of office

in CHF						2022/23
	Cash retainer (fixed fee)	Expenses[1]	Total cash compensation	Grant value of restricted shares	Total compen-sation	Employer's so-cial insurance contribution (AHV/ALV)[2]
Robert F. Spoerry [3] Chair of the Board of Directors	430,000	1,000	431,000	369,939	800,939	45,214
Stacy Enxing Seng Vice-Chair of the Board of Directors Member of the Nomination and Compensation Committee	135,000	-	135,000	159,879	294,879	19,094
Gregory Behar Member of the Board	100,000	500	100,500	159,879	260,379	16,661
Lynn Dorsey Bleil Member of the Audit Committee	120,000	500	120,500	159,879	280,379	18,051
Lukas Braunschweiler Chair of the Nomination and Compensation Committee	140,000	1,000	141,000	159,879	300,879	437,627
Roland Diggelmann Member of the Nomination and Compensation Committee	120,000	1,000	121,000	159,879	280,879	18,051
Julie Tay [4] Member of the Board	79,178	500	79,678	159,879	239,557	14,942
Ronald van der Vis Member of the Audit Committee	120,000	-	120,000	159,879	279,879	18,051
Adrian Widmer Chair of the Audit Committee	140,000	1,000	141,000	159,879	300,879	19,441
Jinlong Wang Member of the Board	100,000	-	100,000	159,879	259,879	13,851
Total	**1,484,178**	**5,500**	**1,489,678**	**1,808,850**	**3,298,528**	**620,983**

The compensation shown in the table above is gross and based on the accrual principle.

1) Travel expenses are paid only for attended meetings. The travel allowance was discontinued from the 2022 AGM

2) Employer social security contributions on cash retainer, restricted shares granted during the financial year as well as stock options exercised during the financial year

3) Including NCC and AC work and attendance.

4) Member of the Board of Directors since June 2022

6.1.1 Approved versus expected total compensation for the members of the Board of Directors

The total compensation paid to the Board of Directors for the period from the 2023 AGM to the 2024 AGM is expected to be CHF 3.1 million. The total compensation is within the limit of CHF 3.2 million approved by the 2023 AGM.

Approved versus expected total compensation for the members of the Board of Directors

in CHF 1,000	Approved for AGM 2022 - AGM 2023	Effective for AGM 2022 - AGM 2023	Approved for AGM 2023 - AGM 2024	Expected for AGM 2023 - AGM 2024
AGM approval year		2022		2023
Total compensation	**3,450**	**3,320**	**3,230**	**3,100**
Breakdown total compensation:				
Fixed fees including expenses	1,566	1,510	1,510	1,450
Grant value of restricted shares	1,883	1,810	1,720	1,650
Number of members of the Board of Directors	**10**	**10**	**9**	**9**

6.1.2 Other compensation, loans, and credit for current and former members of the Board of Directors and related parties

No other compensation was paid to current members of the Board of Directors for additional services beyond the total compensation disclosed in the tables above. No other compensation was paid to former members of the Board of Directors beyond the total compensation disclosed in the tables above.

In the year under review, no payments were made to individuals who are closely related to any current or former member of the Board of Directors.

No loans were granted by Sonova or any other Group company to current or former members of the Board of Directors in the 2023/24 financial year, and no such loans were outstanding as of March 31, 2024. Furthermore, neither Sonova nor any other Group company has granted any loans to related parties of current or former members of the Board of Directors.

6.1.3 Outside mandates

As of March 31, 2024, the members of the Board of Directors held the following mandates outside Sonova:

	Listed companies	Function	Other mandates	Function
Robert F. Spoerry	Bystronic Holding AG	Member of the Board of Directors	n.a.	n.a.
	Mettler Toledo International Inc.	Non-executive Chair of the Board of Directors		
Stacy Enxing Seng	LivaNova Inc.	Member of the Board of Directors	Cala Health	Chair of the Board of Directors
			Contego Inc.	Executive Chair of the Board of Directors
			Corza Inc.	Member of the Board of Directors
			Imperative Care	Member of the Board of Directors
			Lightstone Ventures	Operating Partner
Gregory Behar	n.a.	n.a.	Recipharm AB	CEO
			Amazentis SA	Member of the Board of Directors
			New Biologix	Member of the Board of Directors
Lynn Dorsey Bleil	Alcon Inc.	Member of the Board of Directors	Intermountain Healthcare Wasatch Back Hospitals Community Board	Chair
	Stericycle Inc.	Member of the Board of Directors		
	Amicus Therapeutics Inc.	Member of the Board of Directors		
Lukas Braunschweiler	Tecan Group AG	Chair of the Board of Directors	n.a.	n.a.
Roland Diggelmann	Mettler Toledo International Inc.	Member of the Board of Directors	Berlin Heals AG	Member of the Board of Directors
			HeartForce AG	Member of the Board of Directors
			Navignostics AG	Member of the Board of Directors
			Osler Diagnostics Ltd.	Member of the Board of Directors
Julie Tay	EBOS Group Ltd.	Member of the Board of Directors	n.a.	n.a.
Ronald van der Vis	n.a.	n.a.	Industry Advisor	Operating Partner, Co-Investor
			European Dental Group	Chair of the Supervisory Board
			Equipe Zorgbedrijven	Chair of the Supervisory Board
			United Veterinary Care	Chair of the Supervisory Board
			HEMA BV	Member of the Supervisory Board
Adrian Widmer	Sika AG	Group CFO	n.a.	n.a.

6.2 Management Board compensation

The tables in this section are audited by the external auditor.

6.2.1 Compensation awarded for the 2023/24 financial year

As stated above, Sonova's basic principle is that any changes to the fixed or target compensation for the Management Board are made only if and when they are deemed necessary and appropriate. Such changes are generally in line with those across the organization, with a primary focus on the variable compensation components, and they can be differentiated in cases such as, for example, a change to a position's responsibilities. They are also aligned with data from executive compensation surveys and published benchmarks from companies of similar size.

The highest total compensation for a member of the Management Board in the 2023/24 financial year was paid to Arnd Kaldowski, CEO.

The following tables show the compensation of the CEO and the other members of the Management Board for the 2023/24 financial year (8 members) and for the 2022/23 financial year (8 members).

Management Board compensation

in CHF									**2023/24**
	Fixed base salary	Variable compensation[1]	Fringe benefits	Employer's pension contribution	Total cash compensation	Value of PSUs[2]	Value of options[3]	Total compensation	Employer's social security contribution
Arnd Kaldowski, CEO	900,000	587,368	53,200	117,738	1,658,306	802,500	1,337,500	3,798,306	103,701
Other members of the MB	3,296,898	1,116,995	292,471	556,680	5,263,044	1,707,500	1,707,500	8,678,044	461,461
Total (active members)	**4,196,898**	**1,704,363**	**345,671**	**674,418**	**6,921,350**	**2,510,000**	**3,045,000**	**12,476,350**	**565,162**
Former members of the MB	28,000	14,000	3,333	5,082	50,415			50,415	3,355
Total	**4,224,898**	**1,718,363**	**349,004**	**679,500**	**6,971,765**	**2,510,000**	**3,045,000**	**12,526,765**	**568,517**

The compensation shown in the table above is gross and based on the accrual principle.

1) The variable compensation will be paid out only when the Group's audited financial statements for the financial year have been publicly disclosed by the Group in its consolidated financial statements.

2) Fair value per PSU at grant date CHF 293.53 and for one member CHF 335.73. Fair Value of PSUs provided by a third party based on the Monte Carlo pricing model; this is an appropriately balanced approach, taking account of the possibility of either over- or under-achievement. The settlement will be determined based on actual performance achievement prior to the vesting in June 2027 and the PSUs are blocked after vesting to arrive at the total mandatory restriction period of five years from the regular grant date.

3) Fair value per option at grant date provided by a third party based on the "Enhanced American Pricing Model" (including the impact of the restriction period based on a "Black-Scholes Model") of CHF 72.69 and for one member CHF 74.95. The options are blocked after vesting to arrive at the total mandatory restriction period of five years after regular grant date.

in CHF									**2022/23**
	Fixed base salary	Variable compensation [1]	Fringe benefits	Employer's pension contribution	Total cash compensation	Value of PSUs [2]	Value of options [3]	Total compensation	Employer's social security contribution
Arnd Kaldowski, CEO	900,000	284,170	55,200	115,575	1,354,945	778,125	1,296,875	3,429,945	225,722
Other members of the MB	3,114,138	558,171	433,123	538,087	4,643,519	1,604,500	1,604,500	7,852,519	630,933
Total	**4,014,138**	**842,341**	**488,323**	**653,662**	**5,998,464**	**2,382,625**	**2,901,375**	**11,282,464**	**856,655**

The compensation shown in the table above is gross and based on the accrual principle.

1) The variable compensation will be paid out only when the Group's audited financial statements for the financial year have been publicly disclosed by the Group in its consolidated financial statements.

2) Fair value per PSU at grant date CHF 243.35. Fair Value of PSUs provided by a third party based on the Monte Carlo pricing model; this is an appropriately balanced approach, taking account of the possibility of either over- or under-achievement. The settlement will be determined based on actual performance achievement prior to the vesting in June 2026 and the PSUs are blocked after vesting to arrive at the total mandatory restriction period of five years from grant date.

3) Fair value per option at grant date provided by a third party based on the "Enhanced American Pricing Model" (including the impact of the restriction period based on a "Black-Scholes Model") of CHF 59.40. The options are blocked after vesting to arrive at the total mandatory restriction period of five years.

Explanatory comments to the compensation tables

The total compensation of CHF 12.5 million for the 2023/24 financial year is above the total of CHF 11.3 million for the previous year. This is explained by the following main contributing factors:

- The fixed compensation has increased driven by the replacement of a Management Board member.
- Overall VCC payout ratio higher than previous year from 35.3% to 67.0% in 2023/24 financial year.

Variable Cash Compensation performance outcomes 2023/24

The system of the VCC is outlined in more detail in section 5.3 of this report. The table below (validated by the NCC and not audited by the external auditors) shows the payout percentage ranges for the VCC for the 2023/24 financial year.

Category	**Measures**	**Payout percentage** [1] (0% – Target = 100% – 250%)
Group objectives	Sales	56.7%
	EBITA	58.4%
	EPS [2]	97.6%
	FCF [3]	0%
Businesses objectives	Sales	0% – 70.0%
	Profitability	0% – 129.5%
	Margin	147.3%
	ASP	15.3% – 178.0%
ESG objectives [4]:		85.0% – 148.8%
Indiviual objectives [4]		87.0% – 140.0%

* Disclosing internal targets would allow insight into Sonova's confidential strategic goals and thereby create a competitive disadvantage, i.e. financial targets at business unit level and individual targets are not disclosed.

1) Individual target achievement can be above 200%. However, maximum payout is capped at 200% except for Sales at 250%.

2) Earning Per Share.

3) Free cash flow – cash consideration for acquisitions and from divestments, net of cash acquired/divested – cash consideration for associates.

4) Individual objectives not disclosed. Each MB Member considered as a single data point (weighted average per category).

Despite sales momentum picking up in the second half-year, development in the first half of financial year was held back by temporary operational challenges. Overall, except for the Consumer Hearing business which fell significantly short of target mainly driven by weak demand in the consumer electronics market and a temporary incomplete product portfolio (battery performance issue with a now deselected external supplier), the other businesses achieved between 97% and 98% of the annual sales target.

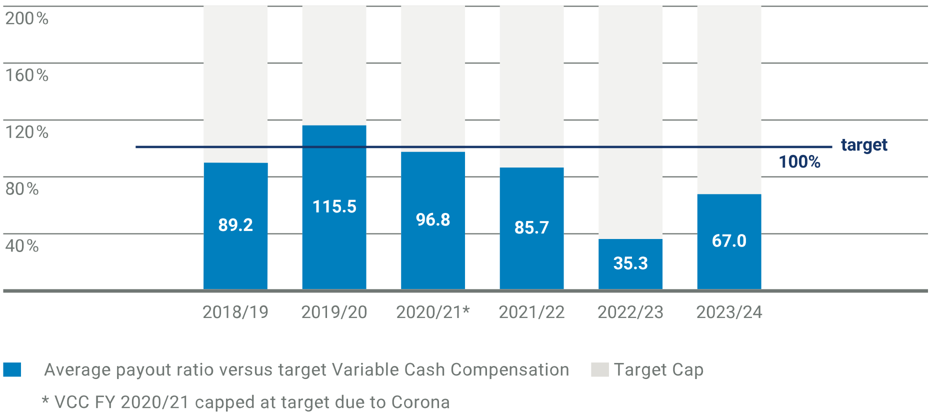
The lower than targeted EBITA achievement (94.3%) was mainly driven by the sales target miss, adverse currency exchange impacts and increased lead generation cost in the AC business. The EPS target achievement was at 98.3%. The Operating Free Cash Flow achievement was 87.4%, mainly driven by the weaker than targeted business performance in the first half of the financial year, by maintaining higher safety stock and due to sales phasing. The assessment of these targets was undertaken based on the adjusted metrics as disclosed in the financial review of this Annual Report.

ESG targets were defined around eight categories, with energy and climate, as well as talent & employee engagement, set as a target for all Management Board members. Additionally, members each had a selection of targets set depending on their role and responsibilities. eco-friendly products, diversity & inclusion, customer satisfaction, product quality, safety & reliability, responsible supply chain, business ethics and ESG governance. ESG targets for members of the Management Board were achieved between 86.8% and 234.6%. For more details on the Group ESG targets and their respective achievement please refer to the ESG Report.

Individual qualitative objectives for members of the Management Board were achieved between 87% and 140%.

The overall payout for the 2023/24 financial year for the CEO was 73.4% (2022/23: 35.5%) and between 47.5% and 84.5% (2022/23: 28.3% – 53.2%) for the other members of the Management Board.

6.2.2 Historical variable cash compensation for the members of the Management Board over the last five years



The above chart illustrates that the design of the VCC is effective: in line with Sonova's ambitious target–setting, substantial progress needs to be made to reach the target (100%).

6.2.3 Approved versus actual total compensation for the members of the Management Board

The actual total compensation for the Management Board for the 2023/24 financial year was CHF 12.5 million. This figure is below the maximum aggregate compensation amount of CHF 16.0 million approved at the 2022 AGM for the 2023/24 financial year.

The approved compensation for EEAP applies fair value at grant, which is based on 100% target achievement; this is an appropriately balanced approach, taking into account the possibility of either over- or under-achievement for PSUs. The actual number of shares allocated for each PSU will depend on the achievement of pre-determined performance conditions, and ranges from 0 to 2 shares per PSU. Actual achievement will be disclosed upon vesting in each respective financial year.

Additional information to support the shareholder votes on compensation can be found in the invitation to the 2023 AGM.

6.2.4 Executive Equity Award Plan performance outcomes 2023/24

Performance Options

The vesting of the options is subject to a pre-defined ROCE target. In the 2023/24 financial year, the ROCE target were exceeded for the option tranches awarded in 2020, 2021 and 2023. Since there is no provision for over-achievement in the EEAP, the vesting of the options is capped at target, namely at 100%. The ROCE target for the option tranche awarded in 2022 was not fully met and the vesting level equals to 58.2%.

Performance Share Units

The PSUs vest based on relative TSR measured against a pre-defined peer group. The number of shares allocated for each vested PSU between the 20th and 80th percentile is calculated by linear interpolation within a range of 0% to 200%.

The actual TSR was 28.0%, which corresponds to a 54.61% percentile rank relative to the peer group, and results in a 115.4% vesting in June 2024. For the PSUs awarded under the EEAP 2020 vesting in June 2023, the actual TSR was 7.95%, which corresponded to a 38.84% percentile rank relative to the peer group and resulted in a 62.8% vesting.

Table below is validated by the NCC and not audited by the external auditors.

Category	Measures	Target	Actual	Vesting level 0% / Target = 100% / Maximum (200%)
2021 performance share units	rTSR	50th percentile ranking	54.61% percentile ranking	115.36%

Restricted Share Units

The RSUs that were awarded under the EEAP in the 2018/19 financial year vested in the reporting year. They were not subject to any performance conditions but to employment conditions.

6.2.5 Other compensation, loans and credits for current and former members of the Management Board and related parties

No other compensation was paid to current or former members of the Management Board beyond the total compensation disclosed in the tables above.

As reported in the 2017/18 and 2019/20 compensation reports, upon his hiring, the CEO was granted a one-time, non-recurring performance option to compensate for forfeited compensation entitlements granted by his former employer. In accordance with the plan rules, the CEO has chosen to have these options vest in 2023.

No payments were made to individuals who are closely related to any current or former members of the Management Board.

No loans were granted by Sonova or any other Group company to current or former members of the Management Board in the 2023/24 financial year, and no such loans were outstanding as of March 31, 2024. Furthermore, neither Sonova nor any other Group company has granted any loans to related parties of current or former members of the Management Board.

6.2.6 Outside mandates

As of March 31, 2024, the members of the Management Board held the following mandates outside Sonova:

	Listed companies	Function	Other mandates	Function
Arnd Kaldowski	n.a.	n.a.	European Hearing Instrument Manufactures Association (EHIMA)	President
Birgit Conix	ASML Holding N.V.	Member of the Supervisory Board	n.a.	n.a.
Ludger Althoff	n.a.	n.a.	QuestW	Member of the Advisory Board
Victoria E. Carr-Brendel	Vicarious Surgical Inc.	Member of the Board of Directors	Medical Device Manufacturers Association (MDMA)	Member
Christophe Fond	n.a.	n.a.	n.a.	n.a.
Martin Grieder	n.a.	n.a.	n.a.	n.a.
Katya Kruglova	n.a.	n.a.	n.a.	n.a.
Robert Woolley	n.a.	n.a.	n.a.	n.a.

7. Share ownership information

7.1 Shareholdings of members of the Board of Directors

The tables in this section are audited by the external auditor.

The following table shows the equity of the individual members of the Board of Directors and persons closely linked to them.

	31.03.2024				31.03.2023			
	Total Shares	of which Restricted Shares [1]	RSUs	Options	Total Shares	of which Restricted Shares [2]	RSUs	Options
Robert F. Spoerry, Chair	59,539	9,432			58,214	10,812		
Stacy Enxing Seng, Vice-Chair	10,321	3,129			9,748	3,652		
Gregory Behar, Member	1,737	1,737			1,164	1,164		
Lynn Dorsey Bleil, Member	7,120	3,129			6,547	3,652		
Lukas Braunschweiler, Member	18,415	3,129		31,603	17,842	3,652		65,228
Roland Diggelmann, Member	1,737	1,737			1,164	1,164		
Julie Tay, Member [3]	1,258	1,258			685	685		
Ronald van der Vis, Member	7,090	3,129			6,517	3,652		
Adrian Widmer, Member	2,468	2,468			1,895	1,895		
Total (active members)	**109,685**	**29,148**		**31,603**	**103,776**	**30,328**		**65,228**
Jinlong Wang, Member [4]					11,163	3,652		
Total (including former members)	**109,685**	**29,148**		**31,603**	**114,939**	**33,980**		**65,228**

1) These shares are subject to a restriction period which varies from June 1, 2024 to June 1, 2029 depending on the grant date.
2) These shares are subject to a restriction period which varies from June 1, 2023 to June 1, 2028 depending on the grant date.
3) New member of the Board of Directors since June 2022.
4) Member of the Board of Directors until June 2023.
For further details see also Note 7.4 in the consolidated financial statements.

The shareholding requirements set by the share ownership guidelines are entirely met by all members of the Board of Directors.

7.2 Shareholdings of members of the Management Board

The tables in this section are audited by the external auditor.

The following tables show the equity of individual members of the Management Board and persons closely linked to them.

	31.03.2024				31.03.2023			
	Shares [1]	PSUs	RSUs	Options	Shares [1]	PSUs	RSUs	Options
Arnd Kaldowski Chief Executive Officer	20,515	11,152		227,399	19,191	10,527		211,720
Birgit Conix Chief Financial Officer	195	2,388		9,873	195	2,388		10,378
Ludger Althoff Group Vice President Operations	2,156	3,482		26,048	1,447	3,058	264	21,771
Vicky Carr-Brendel Group Vice President Cochlear Implants and President of Advanced Bionics	1,057	2,394		20,837 [2]	628	3,068	237	21,138 [2]
Christophe Fond Group Vice President Audiological Care	2,100	2,975		33,476		3,855	162	40,779
Martin Grieder Group Vice President Consumer Hearing	1,418	3,916		42,631	1,370	3,521	158	50,989
Katya Kruglova [3] Group Vice President Corporate Human Resources & Communications	88	1,822		7,641				
Robert (Rob) Woolley [4] GVP Hearing Instruments		2,392	1,013	15,989		842	1,350	9,730
Total (active members)	**27,529**	**30,521**	**1,013**	**383,894**	**22,831**	**27,259**	**2,171**	**366,505**
Claudio Bartesaghi [5]					2,047	1,926		12,435
Total (including former members)	**27,529**	**30,521**	**1,013**	**383,894**	**24,878**	**29,185**	**2,171**	**378,940**

1) Shares are dividend entitled with full voting rights.
2) SARs were granted instead of options (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).
3) Member of the Management Board since May 2023.
4) Member of the Management Board since April 2022.
5) Member of the Management Board until May 2023.
For further details see also Note 7.4 in the consolidated financial statements.

As of March 31, 2024 the shareholding requirements set by the share ownership guideline are met by all members of the Management Board except for two member, who re-committed to meet the requirements by June 30, 2024.

The following table shows the shareholding requirements relative to the fixed base salary and the indicative actual shareholdings.

	Base salary	Share requirements [1]	Actual shares [2]	Fulfillment of share ownership guidelines	Share ownership ratio to base salary
	in CHF	in CHF	in CHF	in %	ratio
Arnd Kaldowski, CEO	900,000	1,000,000	5,356,467	536	6.0
Other members of the MB [3]	438,856	200,000	439,366	220	1.0

1) Share requirements to be achieved for the CEO as of December 31, 2017 and for all other members of the MB after 38 months.
2) Calculated with Sonova closing share price of March 28, 2024.
3) Average of other members of the MB with shareholding requirements (excluding members of the MB that are still in build-up phase for shareholding requirements).
The calculation of fulfillment and the ratio to base salary of the share ownership shown above are included for illustration purposes only.

The following table shows a detailed breakdown of the outstanding options of the members of the Management Board.

31.03.2024

	Options EEAP 24 [1]	Options EEAP 23 [2]	Options EEAP 22 [3]	Options EEAP 21 [4]	Options EEAP 20 [5]	Options EEAP 19 [6]	Options EEAP 18 [7]	Total options
Arnd Kaldowski	18,400	21,832	15,037	25,454	28,119	32,901	85,656 [8]	227,399
Other members of the MB	20,531	27,048 [9]	21,208 [9]	20,837 [9]	24,712 [9]	27,438 [9]	14,721	156,495 [9]
Total	**38,931**	**48,880**	**36,245**	**46,291**	**52,831**	**60,339**	**100,377**	**383,894**

1) Exercise price CHF 279.10, vesting period 1.2.2024–1.6.2028 whereas one tranche being vested each year, end of restriction period 31.1.2029, exercise period 1.2.2029–31.1.2034.
2) Exercise price CHF 233.40, vesting period 1.2.2023–1.6.2027 whereas one tranche being vested each year, end of restriction period 31.1.2028, exercise period 1.2.2028–31.1.2033 and for one member exercise price CHF 278.20, vesting period 2.5.2023–1.6.2027 whereas one tranche being vested each year, end of restriction period 31.1.2028, exercise period 1.2.2028–31.1.2033.
3) Exercise price CHF 333.60, vesting period 1.2.2022–1.6.2026 whereas one tranche being vested each year, end of restriction period 31.1.2027, exercise period 1.2.2027–31.1.2032.
4) Exercise price CHF 218.70, vesting period 1.2.2021–1.6.2025 whereas one tranche being vested each year, end of restriction period 31.1.2026, exercise period 1.2.2026–31.1.2031.
5) Exercise price CHF 241.80, vesting period 1.2.2020-1.6.2024 whereas one tranche being vested each year, end of restriction period 31.1.2025, exercise period 1.2.2025–31.1.2030.
6) Exercise price CHF 182.40, vesting period 1.2.2019-1.6.2023 whereas one tranche being vested each year, exercise period 1.6.2020-31.1.2029.
7) Exercise price CHF 147.85, vesting period 1.2.2018-1.6.2022 whereas one tranche being vested each year, exercise period 1.6.2019-31.1.2028.
8) Includes the one-time, non-recurring performance option grant (46,528 options); exercise price of CHF 147.85, vesting period of 1.2.2018 – 1.4.2025, exercise period 1.4.2025 – 30.9.2027.
9) For one member SARs were granted instead of options (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).

31.03.2023

	Options EEAP 23 [1]	Options EEAP 22 [2]	Options EEAP 21 [3]	Options EEAP 20 [4]	Options EEAP 19 [5]	Options EEAP 18 [6]	Options EEAP 17 [7]	Total options
Arnd Kaldowski	21,832	16,871	25,454	28,119	32,901	86,543 [8]		211,720
Other Members MB	24,180 [9]	23,027 [9]	20,837 [9]	24,712 [9]	27,438 [9]	18,721	15,870	154,785 [9]
Total (active members)	**46,012**	**39,898**	**46,291**	**52,831**	**60,339**	**105,264**	**15,870**	**366,505**
Former Member		2,355	4,210	4,649	1,221			12,435
Total (including former members)	**46,012**	**42,253**	**50,501**	**57,480**	**61,560**	**105,264**	**15,870**	**378,940**

1) Exercise price CHF 233.40, vesting period 1.2.2023–1.6.2027 whereas one tranche being vested each year, end of restriction period 31.1.2028, exercise period 1.2.2028–31.1.2033.
2) Exercise price CHF 333.60, vesting period 1.2.2022–1.6.2026 whereas one tranche being vested each year, end of restriction period 31.1.2027, exercise period 1.2.2027–31.1.2032.
3) Exercise price CHF 218.70, vesting period 1.2.2021–1.6.2025 whereas one tranche being vested each year, end of restriction period 31.1.2026, exercise period 1.2.2026–31.1.2031.
4) Exercise price CHF 241.80, vesting period 1.2.2020-1.6.2024 whereas one tranche being vested each year, end of restriction period 31.1.2025, exercise period 1.2.2025–31.1.2030.
5) Exercise price CHF 182.40, vesting period 1.2.2019-1.6.2023 whereas one tranche being vested each year, exercise period 1.6.2020-31.1.2029.
6) Exercise price CHF 147.85, vesting period 1.2.2018-1.6.2022 whereas one tranche being vested each year, exercise period 1.6.2019-31.1.2028.
7) Exercise price CHF 130.00, vesting period 1.2.2017-1.6.2021 whereas one tranche being vested each year, exercise period 1.6.2018-31.1.2024.
8) Includes the one-time, non-recurring performance option grant (47,415 options); exercise price of CHF 147.85, vesting period of 1.2.2018 – 1.4.2025, exercise period 1.4.2025 – 30.9.2027.
9) For one member SARs were granted instead of options (SARs grant the right to participate in the appreciation of Sonova shares without issuance of shares).

Glossary

AC Audit Committee
AGM Annual General Shareholders' Meeting
AHV Old Age and Survivors' Insurance
ALV Unemployment Insurance
Articles of Association Articles of Association of Sonova Holding AG
ASP Average Sales Price
BoD Board of Directors
CEO Chief Executive Officer
CFO Chief Financial Officer
CHF Swiss Francs
EBITA Earnings Before Interest, Taxes and Amortization
EEAP Executive Equity Award Plan
EPS Earnings Per Share
ESG Environmental, Social and Governance
FCF Free Cash Flow
GVP Group Vice President
HRM Human Resource Management
KPIs Key Performance Indicators
MB Management Board
n.a. Not applicable
NCC Nomination and Compensation Committee
OPEX Operating Expenses
PSU Performance Share Unit
ROCE Return on Capital Employed
RSU Restricted Share Unit
rTSR relative Total Shareholder Return
SLI Swiss Leaders Index
SMI Swiss Market Index
Sonova Excellence Sonova Excellence System
VCC Variable Cash Compensation

Report of the statutory auditor to the General Meeting of Sonova Holding AG

Statutory auditor's report on the compensation report

We have audited the compensation report of Sonova Holding AG for the year ended 31 March 2024. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" in the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the compensation report complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Zurich, 11 May 2024

Ernst & Young Ltd

Martin Mattes
Licensed audit expert
(Auditor in charge)

Pascal Solèr
Licensed audit expert

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Financial reporting

Financial Report

Financial review

In the 2023/24 financial year, Sonova generated sales of CHF 3,626.9 million, up 3.2% in local currencies and down 3.0% in Swiss francs. After some anticipated temporary challenges, growth picked up in the second half-year. Adjusted Group EBITA reached CHF 771.4 million, up 4.4% in local currencies and down 8.2% in Swiss francs, representing a margin of 21.3%.

Sales momentum picking up in the second half-year – Strong headwind from currencies

Sonova Group sales reached CHF 3,626.9 million in the 2023/24 financial year, up 3.2% in local currencies and down 3.0% in Swiss francs. Development in the first half of the financial year was held back by temporary operational challenges and effects of the non-renewal of a large contract with a single US customer, but momentum picked up in the second half-year. This was supported by a positive market response to the expansion of the Phonak Lumity platform and a gradual improvement in the overall hearing care market, despite regional differences. Groupwide organic growth was 1.6%, or 3.2% excluding the previously mentioned non-renewal of a large contract. Acquisitions in the reporting period (including the full-year effect of prior-year acquisitions) contributed 1.6% to sales growth. Exchange rate developments had a significant negative impact, reducing reported sales by CHF 232.9 million and the reported sales growth in Swiss francs by 6.2 percentage points.

Sales by regions

in CHF m			2023/24		2022/23
	Sales	Share	Growth in local currencies	Sales	Share
EMEA	1,859.0	51%	3.8%	1,868.2	50%
USA	1,074.0	30%	0.7%	1,150.0	31%
Americas (excl. USA)	264.4	7%	3.6%	274.0	7%
Asia/Pacific	429.4	12%	7.1%	446.2	12%
Total sales	**3,626.9**	**100%**	**3.2%**	**3,738.4**	**100%**

Hearing care market improving over the course of the year

Sales in Europe, Middle East and Africa (EMEA) rose by 3.8% in local currencies. Growth was supported by the continued expansion of the audiological care network. A number of key markets achieved robust sales growth, including Germany, the UK, Belgium, and the Netherlands. Regional growth was dampened, however, by weaker development in France.

In the United States, sales increased by 0.7% in local currency, supported by market growth and bolt-on acquisitions in the Audiological Care business. The country returned to solid growth in the second half of the 2023/24 financial year, as year-on-year development was no longer impacted by the previously mentioned non-renewal of a large contract.

Sales in the rest of the Americas (excluding the US) grew by 3.6% in local currencies, helped by acquisitions but held back in Canada during the first half of the financial year by the impact of the previously mentioned non-renewal of a large contract.

Sales in the Asia Pacific (APAC) region increased by 7.1% in local currencies, supported by the acquisition of HYSOUND in China (completed in December 2022) and strong growth in Japan, but dampened by weak performance in Korea, Australia, and New Zealand. In the second half of the financial year, development was impacted by a high comparison base in China, which had experienced strong growth in the prior year period after the lifting of pandemic related lockdowns.

Sonova Group key figures

in CHF m unless otherwise specified	2023/24	2022/23	Change in Swiss francs	Change in local currencies
Sales	3,626.9	3,738.4	(3.0%)	3.2%
Gross profit	2,610.4	2,637.4	(1.0%)	6.2%
EBITA[1]	727.0	801.6	(9.3%)	3.6%
EBIT[1]	669.9	746.7	(10.3%)	3.2%
Basic earnings per share (CHF)	10.08	10.75	(6.3%)	10.0%
Operating free cash flow[1]	539.2	535.6	0.7%	
ROCE[1]	17.7%	20.8%		
Gross profit (adjusted)[1]	2,621.5	2,645.1	(0.9%)	6.3%
EBITA (adjusted)[1]	771.4	840.4	(8.2%)	4.4%
EBITA margin (adjusted)	21.3%	22.5%		
Basic earnings per share (CHF) (adjusted)[1]	10.06	11.14	(9.6%)	6.4%

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

Modest underlying margin improvement – Strong currency headwinds weigh on profitability

Additional structural optimization initiatives during the reporting period, largely driven by the buildup of a new operations facility in Mexico, resulted in restructuring costs of CHF 23.7 million (2022/23: CHF 15.6 million). Transaction and integration costs related to acquisitions, including HYSOUND, the Sennheiser Consumer Division, and Alpaca Audiology, amounted to CHF 10.5 million (2022/23: CHF 17.0 million). In addition, the Group incurred legal costs of CHF 10.2 million (2022/23: CHF 6.2 million). Income taxes were positively affected by CHF 39.1 million, as a result of tax reforms (2022/23: CHF 9.2 million).

Adjusted figures and growth rates in this financial review exclude the items in the foregoing paragraph. For more details, please refer to the “Reconciliation of non-GAAP financial measures” table at the end of the financial review.

Reported gross profit amounted to CHF 2,610.4 million. Adjusted gross profit was up by 6.3% in local currencies but down 0.9% in Swiss francs to CHF 2,621.5 million. Gross profit was supported by prior year price increases implemented to offset inflationary pressures, as well as by a business mix shift reflecting strong growth in the Audiological Care business, particularly in the first half-year. The development was further supported by continued efficiency gains in operations, lower costs for repairs as a result of improvements in product reliability as well as the gradual easing of headwinds from transport and component costs. The adjusted gross profit margin was up by 2.1 percentage points in local currencies and 1.5 percentage points in Swiss francs, to 72.3%.

Excluding acquisition-related amortization, reported operating expenses were CHF 1,883.3 million (2022/23: CHF 1,835.8 million). The development was impacted by the previously mentioned business mix shift, which was partly driven by acquisitions in the Audiological Care business, and the moderate sales development in the Hearing Instruments business in the first half-year. As a result, adjusted operating expenses before acquisition-related amortization increased by 7.2% in local currencies or 2.5% in Swiss francs to CHF 1,850.1 million (2022/23: CHF 1,804.7 million). Adjusted research and development (R&D) expenses before acquisition-related amortization reached CHF 236.0 million (2022/23: CHF 242.9 million), representing a stable development in local currencies.

Adjusted sales and marketing costs before acquisition-related amortization rose by 7.9% in local currencies to CHF 1,278.6 million or 35.3% of sales (2022/23: 33.5%). This was largely driven by the previously mentioned business mix shift to a greater share for the Audiological Care business, which has a higher ratio of sales and marketing costs to sales than the rest of the Group. Adjusted general and administration costs before acquisition-related amortization rose by 11.3% in local currencies, reaching CHF 334.9 million or 9.2% of sales (2022/23: 8.3%), driven in part by ongoing investment in IT infrastructure. Adjusted other expenses totaled CHF 0.6 million (2022/23: CHF 0.6 million income).

Adjusted operating profit before acquisition-related amortization (EBITA) reached CHF 771.4 million (2022/23: CHF 840.4 million), up by 4.4% in local currencies but down 8.2% in Swiss francs. The adjusted EBITA margin reached 21.3%, down 1.2 percentage points compared to the prior year but up 0.3 percentage points in local currencies. The strong headwind from exchange rate developments reduced adjusted EBITA by CHF 106.1 million and the margin by 1.5 percentage points. Reported EBITA grew by 3.6% in local currencies but declined by 9.3% in Swiss francs to CHF 727.0 million. Acquisition-related amortization amounted to CHF 57.1 million (2022/23: CHF 54.9 million), reflecting recent acquisitions. Reported operating profit (EBIT) reached CHF 669.9 million (2022/23: CHF 746.7 million), down 10.3% in Swiss francs.

Earnings per share

Net financial expenses, including the result from associates, were CHF 22.6 million, down from CHF 31.0 million in the prior year. Income taxes amounted to CHF 37.8 million (2022/23: CHF 57.4 million). Income taxes were reduced by CHF 39.1 million due to effects related to tax reforms (2022/23: CHF 9.2 million). They were also impacted by the recognition of deferred tax assets arising from losses incurred, as well as by an increase in tax provisions. Basic earnings per share (EPS) reached CHF 10.08, up 10.0% in local currencies but down 6.3% in Swiss francs. Adjusted EPS rose 6.4% in local currencies but fell by 9.6% in Swiss francs to CHF 10.06, compared to CHF 11.14 in the prior year.

Hearing Instruments segment – Growth accelerating in the second half

The Hearing Instruments segment generated sales of CHF 3,347.9 million, an increase of 3.2% in local currencies but down 3.0% in Swiss francs compared to the prior year. After a flat development in the first half-year, organic growth picked up, reaching 3.2% in the second half-year. The contribution from acquisitions in the reporting period (including the full-year effect of prior-year acquisitions) lifted sales by 1.8% or CHF 60.6 million. Exchange rate fluctuations reduced reported sales by CHF 214.5 million and the reported sales growth in Swiss francs by 6.2 percentage points.

Sales in the Hearing Instruments business reached CHF 1,697.7 million, up by 0.7% in local currencies. Excluding the impact from the previously mentioned non-renewal of a large contract, which held back the development in the first half, sales rose by 4.0% in local currencies and strongly accelerated in the second half-year. The development was supported by the expansion of the Phonak Lumity family of products throughout the year and by the introduction of the Unitron Vivante™ platform, along with the residual impact from prior-year price increases. The business also made further strong progress on product reliability, with the Phonak Lumity platform achieving a continued improvement compared to its already dependable predecessor – a trend that was well received by customers.

The Audiological Care business generated sales of CHF 1,410.5 million, up 9.2% in local currencies. Organic growth reached 4.7%, supported by strong growth in many European markets, including Belgium, the Netherlands, Poland, and Austria, and reflecting both higher volume and increased ASP. Acquisitions (including the full-year effect of prior-year acquisitions) lifted sales by 4.5%. These included the acquisition of HYSOUND in China (completed in December 2022), as well as further bolt-on acquisitions across all regions. HYSOUND has performed ahead of plan during its first full year with Sonova.

Sales in the Consumer Hearing business were down 9.3% in local currencies to CHF 239.7 million. Development was impeded by generally weak demand in the consumer electronics market. Moreover, an issue of inconsistent performance from some batteries provided by a now deselected external supplier for one of our key products resulted in a temporary gap in the product portfolio until its successor was launched later in the year. In June 2023, the business entered the over-the-counter hearing instrument market with the launch of the Sennheiser All-Day Clear. A number of new audio products were introduced, including ACCENTUM wireless headphones (launched in September 2023) and MOMENTUM True Wireless 4 earbuds (February 2024).

Sales by business – Hearing Instruments segment

in CHF m	2023/24			2022/23	
	Sales	Share	Growth in local currencies	Sales	Share
Hearing Instruments business	1,697.7	51%	0.7%	1,809.3	53%
Audiological Care business	1,410.5	42%	9.2%	1,357.8	39%
Consumer Hearing business	239.7	7%	(9.3%)	284.3	8%
Total Hearing Instruments segment	**3,347.9**	**100%**	**3.2%**	**3,451.5**	**100%**

Reported EBITA for the Hearing Instruments segment amounted to CHF 701.7 million, up 4.2% in local currencies. Adjusted EBITA rose by 4.5% in local currencies to CHF 736.3 million, corresponding to an EBITA margin of 22.0% (2022/23: 23.3%). Excluding the adverse currency development, the adjusted EBITA margin rose by 0.3 percentage points compared to the prior year.

Cochlear Implants segment – System sales accelerating in the second half

Sales in the Cochlear Implants business reached CHF 278.9 million, up 3.6% in local currencies but down 2.8% in Swiss francs. System sales continued their year-on-year growth, increasing by 6.8% in local currencies with growth accelerating in the second half-year. Development was supported by higher volumes due to an improving market environment and the launch of the unique Remote Programming solution for the Marvel CI sound processor, but partly held back by an adverse impact of the country mix on ASP. Sales of upgrades and accessories were down by 2.1% in local currencies. With the Marvel sound processors entering their third year after the launch in 2021, the installed base of recipients waiting for an upgrade is tapering off. Development in the first half-year was also impacted by residual supply chain issues, which have since been resolved.

Sales by product groups – Cochlear Implants segment

in CHF m	2023/24			2022/23	
	Sales	Share	Growth in local currencies	Sales	Share
Cochlear implant systems	185.5	67%	6.8%	185.4	65%
Upgrades and accessories	93.4	33%	(2.1%)	101.5	35%
Total Cochlear Implants segment	**278.9**	**100%**	**3.6%**	**286.9**	**100%**

Reported EBITA for the Cochlear Implants segment was CHF 25.4 million. The adjusted EBITA reached CHF 35.1 million (2022/23: CHF 35.9 million), representing a margin of 12.6% (2022/23: 12.5%). A slow start to the year with residual supply chain issues, coupled with adverse shifts in the geographic and product mix, weighed on profitability. Development was also impacted by continued investments in innovation and commercial excellence.

Cash flow

Cash flow from operating activities was CHF 753.3 million (2022/23: CHF 783.9 million). The reduction was entirely driven by lower income before taxes as a result of adverse currency developments, partly offset by lower cash outflow from changes in net working capital and lower tax payments. Furthermore, the net purchase of tangible and intangible assets decreased to CHF 127.4 million (2022/23: CHF 152.3 million), reflecting elevated investments in infrastructure and IT projects in the prior year. This resulted in an operating free cash flow of CHF 539.2 million (2022/23: CHF 535.6 million).

As a result of the continued expansion of the Group’s audiological care network, the cash consideration for acquisitions amounted to CHF 101.6 million. This is down from CHF 261.1 million in the prior year, which included the acquisition of HYSOUND in China. In summary, this resulted in a free cash flow of CHF 437.6 million (2022/23: CHF 274.4 million). The cash outflow from financing activities of CHF 415.3 million mainly reflects the dividend payment of CHF 274.1 million as well as repayment of lease liabilities of CHF 75.1 million.

Balance sheet

Cash and cash equivalents stood at CHF 513.6 million compared to CHF 413.9 million at the end of the 2022/23 financial year. Net working capital was CHF 93.2 million (end of 2022/23: CHF 89.5 million). Receivable collection continued to be strong, while the Group maintained elevated safety stock during the buildup of its new operations facility in Mexico as part of the global supply chain optimization. Driven mainly by acquisitions, capital employed increased to CHF 3,850.9 million compared to CHF 3,727.3 million at the end of the 2022/23 financial year.

The Group’s equity of CHF 2,491.3 million represents an equity ratio of 43.0%, up from 40.2% at end of the 2022/23 financial year. The net debt position decreased to CHF 1,359.5 million compared to CHF 1,495.9 million at the end of the 2022/23 financial year. The net debt/EBITDA ratio stood at 1.5x, stable compared to March 2023, and within Sonova’s target range of 1.0 – 1.5x. The return on capital employed (ROCE) reached 17.7% compared to 20.8% in the prior year.

Outlook 2024/25

Sonova’s solid and improving performance over this financial year confirms the strong fundamentals of our business and the soundness of our strategy. We are well positioned to accelerate growth and to engage with yet more consumers at more points on their hearing journey. The coming financial year will include further significant product launches that will elevate our industry-leading performance and drive growth, particularly in the second half-year. We therefore expect to see a year-on-year rise of 6 – 9% in consolidated sales, and of 7 – 11% in adjusted EBITA measured at constant exchange rates, with stronger momentum in both in the second half-year.

Reconciliation of non-GAAP financial measures

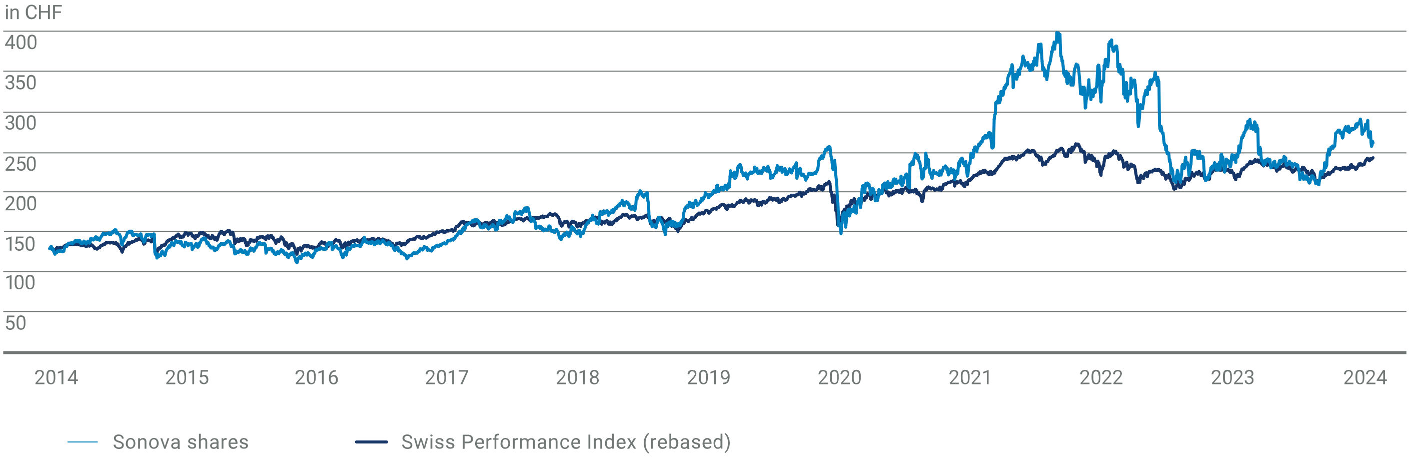
April 1 to March 31, CHF million								2023/24
	Income statement as reported	Acquisition related amortization	**Income statement EBITA separation**	Restructuring costs	Tax reforms	Transaction and integration costs	Litigation costs	**Income statement adjusted**
Sales	**3,626.9**		**3,626.9**					**3,626.9**
Cost of sales	(1,016.5)		(1,016.5)	11.1				(1,005.4)
Gross profit	**2,610.4**		**2,610.4**	**11.1**				**2,621.5**
Research and development	(239.0)	1.5	(237.5)	1.4				(236.0)
Sales and marketing	(1,346.0)	55.6	(1,290.4)	6.1		5.7		(1,278.6)
General and administration	(354.9)		(354.9)	5.0		4.8	10.2	(334.9)
Other income / (expenses), net	(0.6)		(0.6)					(0.6)
Operating profit before acquisition-related amortization (EBITA)[1]			**727.0**	**23.7**		**10.5**	**10.2**	**771.4**
Acquisition-related amortization		(57.1)	(57.1)					(57.1)
Operating profit (EBIT)[2]	**669.9**		**669.9**	**23.7**		**10.5**	**10.2**	**714.3**
Basic earnings per share (CHF)	**10.08**		**10.08**	**0.36**	**(0.66)**	**0.14**	**0.14**	**10.06**

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).

April 1 to March 31, CHF million								2022/23
	Income statement as reported	Acquisition related amortization	**Income statement EBITA separation**	Restructuring costs	Tax reforms	Transaction and integration costs	Litigation costs	**Income statement adjusted**
Sales	**3,738.4**		**3,738.4**					**3,738.4**
Cost of sales	(1,101.0)		(1,101.0)	7.6		0.2		(1,093.3)
Gross profit	**2,637.4**		**2,637.4**	**7.6**		**0.2**		**2,645.1**
Research and development	(244.6)	1.6	(243.0)	0.2				(242.9)
Sales and marketing	(1,316.4)	53.3	(1,263.1)	6.4		6.2		(1,250.6)
General and administration	(330.2)		(330.2)	1.5		10.6	6.2	(311.9)
Other income / (expenses), net	0.6		0.6					0.6
Operating profit before acquisition-related amortization (EBITA)[1]			**801.6**	**15.6**		**17.0**	**6.2**	**840.4**
Acquisition-related amortization		(54.9)	(54.9)					(54.9)
Operating profit (EBIT)[2]	**746.7**		**746.7**	**15.6**		**17.0**	**6.2**	**785.5**
Basic earnings per share (CHF)	**10.75**		**10.75**	**0.20**	**(0.15)**	**0.24**	**0.10**	**11.14**

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).

Share price development – Sonova versus Swiss Performance Index (rebased)



Share price performance history[1)]

	10 years	5 years	3 years	2 years	1 year
Sonova shares	102.1%	32.5%	4.3%	(32.6%)	(2.8%)
Swiss Performance Index (SPI)[2)]	88.3%	37.4%	10.2%	(0.6%)	6.2%
Sonova shares relative to the SPI	13.8%	(4.8%)	(5.9%)	(32.0%)	(9.0%)

1) Performance of the Sonova shares and SPI refers to the respective period prior to the last trading day of the 2023/24 financial year.
2) The Swiss Performance Index (SPI) is considered Switzerland's overall stock market index. It comprises practically all of the SIX Swiss Exchange-traded equity securities of companies that are domiciled in Switzerland or the Principality of Liechtenstein.

5 year key figures

April 1 to March 31, in CHF million unless otherwise specified	2023/24	2022/23	2021/22	2020/21	2019/20
Sales	**3,626.9**	**3,738.4**	**3,363.9**	**2,601.9**	**2,916.9**
change compared to previous year (%)	(3.0)	11.1	29.3	(10.8)	5.6
Gross profit	**2,610.4**	**2,637.4**	**2,460.7**	**1,873.5**	**2,083.6**
in % of sales	72.0	70.5	73.1	72.0	71.4
Gross profit (adjusted)[1]	**2,621.5**	**2,645.1**	**2,463.7**	**1,880.2**	**2,106.9**
in % of sales (adjusted)	72.3	70.8	73.2	72.3	72.0
Research & development costs	**237.5**	**243.0**	**230.0**	**203.9**	**166.1**
in % of sales	6.5	6.5	6.8	7.8	5.7
Sales & marketing costs	**1,290.4**	**1,263.1**	**1,095.3**	**881.2**	**1,030.8**
in % of sales	35.6	33.8	32.6	33.9	35.3
Operating profit before acquisition-related amortization (EBITA)	**727.0**	**801.6**	**802.9**	**663.3**	**554.3**
in % of sales	20.0	21.4	23.9	25.5	19.0
Operating profit before acquisition-related amortization (EBITA) (adjusted)[1]	**771.4**	**840.4**	**844.4**	**603.0**	**620.8**
in % of sales (adjusted)	21.3	22.5	25.1	23.2	21.2
Operating profit (EBIT)	**669.9**	**746.7**	**760.0**	**619.5**	**510.0**
in % of sales	18.5	20.0	22.6	23.8	17.5
Income after taxes	**609.5**	**658.3**	**663.6**	**585.3**	**489.5**
in % of sales	16.8	17.6	19.7	22.5	16.8
Income after taxes (adjusted)[1]	**608.7**	**681.5**	**684.4**	**489.6**	**475.5**
in % of sales (adjusted)	16.8	18.2	20.3	18.8	16.2
Basic earnings per share	**10.08**	**10.75**	**10.42**	**9.23**	**7.61**
Basic earnings per share (CHF) (adjusted)[1]	**10.06**	**11.14**	**10.76**	**7.71**	**7.39**
Dividend/distribution per share (CHF)	**4.30**[2]	**4.60**	**4.40**	**3.20**	**Stock Div.**
Net cash/(debt)[3]	**(1,359.5)**	**(1,495.9)**	**(1,006.3)**	**(83.3)**	**(663.0)**
Net working capital[4]	93.2	89.5	(15.0)	29.6	(18.9)
Capital expenditure (tangible and intangible assets)[5]	128.6	154.3	106.6	89.3	128.8
Capital employed[6]	3,850.9	3,727.3	3,439.1	2,855.7	2,692.5
Total assets	5,791.8	5,552.5	5,588.2	5,925.6	4,486.5
Equity	2,491.3	2,231.4	2,432.8	2,772.5	2,029.4
Equity financing ratio (%)[7]	43.0	40.2	43.5	46.8	45.2
Free cash flow[8]	437.6	274.4	167.6	571.9	563.7
Operating free cash flow[9]	**539.2**	**535.6**	**763.7**	**602.4**	**638.5**
Return on capital employed (%)[10]	**17.7**	**20.8**	**24.1**	**22.3**	**18.2**
Number of employees (end of period)	**18,151**	**17,608**	**16,733**	**14,508**	**15,184**

1) Non-GAAP financial measure adjusted for nonrecurring items; for details see the table “Reconciliation of non-GAAP financial measures" in the financial review or refer to the respective annual report.
2) Proposal to the Annual General Shareholders’ Meeting of June 11, 2024.
3) Cash and cash equivalents + other current financial assets (without loans) – current financial liabilities – current lease liabilities – non-current financial liabilities – non-current lease liabilities.
4) Receivables (incl. loans) + inventories – trade payables – current income tax liabilities – short-term contract liabilities – other short-term liabilities – short-term provisions.
5) Excluding goodwill and intangibles relating to acquisitions.
6) Equity - net cash/(debt).
7) Equity in % of total assets.
8) Cash flow from operating activities + cash flow from investing activities + payments for lease liabilities.
9) Free cash flow – cash consideration for acquisitions and from divestments, net of cash acquired/divested - cash consideration for associates.
10) EBIT in % of capital employed (average).

Consolidated financial statements

Consolidated income statement

April 1 to March 31, in CHF million	Notes	2023/24	2022/23
Sales	2.2, 2.3	**3,626.9**	**3,738.4**
Cost of sales		(1,016.5)	(1,101.0)
Gross profit		**2,610.4**	**2,637.4**
Research and development[1]		(239.0)	(244.6)
Sales and marketing[1]		(1,346.0)	(1,316.4)
General and administration		(354.9)	(330.2)
Other income	2.4	0.0	0.6
Other expenses	2.4	(0.6)	(0.0)
Operating profit (EBIT)[2]		**669.9**	**746.7**
Financial income	4.2	12.3	15.0
Financial expenses	4.2	(39.2)	(49.9)
Share of profit/(loss) in associates/joint ventures, net	6.2	4.4	3.9
Income before taxes		**647.3**	**715.6**
Income taxes	5.1	(37.8)	(57.4)
Income after taxes		**609.5**	**658.3**
Attributable to:			
Equity holders of the parent		601.0	647.5
Non-controlling interests		8.5	10.7
Basic earnings per share (CHF)	2.5	10.08	10.75
Diluted earnings per share (CHF)	2.5	10.05	10.72

1) Includes acquisition-related amortization of CHF 1.5 million (previous year: CHF 1.6 million) in “Research and development” and CHF 55.6 million (previous year: CHF 53.3 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 727.0 million (previous year: CHF 801.6 million). Refer to Note 2.1

2) Earnings before financial result, share of profit/(loss) in associates/joint ventures and taxes (EBIT).

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

Consolidated statement of comprehensive income

April 1 to March 31, in CHF million	Notes	2023/24	2022/23
Income after taxes		**609.5**	**658.3**
Other comprehensive income			
Actuarial gain/(loss) from defined benefit plans, net	7.3	13.2	(36.9)
Tax effect on actuarial result from defined benefit plans, net		(2.3)	6.5
Total items not to be reclassified to income statement in subsequent periods		**10.9**	**(30.4)**
Currency translation differences		(79.4)	(121.9)
Tax effect on currency translation items		5.0	4.9
Total items to be reclassified to income statement in subsequent periods		**(74.4)**	**(117.0)**
Other comprehensive income, net of tax		**(63.5)**	**(147.4)**
Total comprehensive income		**546.0**	**510.8**
Attributable to:			
Equity holders of the parent		537.8	501.6
Non-controlling interests		8.2	9.3

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

Consolidated balance sheet

Assets CHF million	Notes	31.3.2024	31.3.2023
Cash and cash equivalents	4.1	513.6	413.9
Other current financial assets	4.4	10.7	11.0
Trade receivables	3.1	538.3	524.7
Current income tax receivables		6.3	5.8
Inventories	3.2	435.6	419.1
Other current operating assets	3.6	148.0	138.3
Total current assets		**1,652.4**	**1,512.9**
Property, plant and equipment	3.3	380.2	371.1
Right-of-use assets	3.4	269.6	288.4
Intangible assets	3.5	3,038.6	3,057.9
Investments in associates/joint ventures	6.2	19.2	18.7
Other non-current financial assets	4.4	60.6	46.9
Other non-current operating assets	3.6	6.6	5.7
Retirement benefit asset	7.3	16.8	
Deferred tax assets	5.1	347.8	250.9
Total non-current assets		**4,139.4**	**4,039.6**
Total assets		**5,791.8**	**5,552.5**

Liabilities and equity CHF million	Notes	31.3.2024	31.3.2023
Current financial liabilities	4.5	18.8	22.2
Current lease liabilities	3.4	74.3	73.4
Trade payables		202.4	192.9
Current income tax liabilities		211.0	171.9
Short-term contract liabilities	2.3	123.6	115.8
Other short-term operating liabilities	3.8	379.6	373.9
Short-term provisions	3.7	128.3	154.0
Total current liabilities		**1,137.9**	**1,104.2**
Non-current financial liabilities	4.5	1,576.1	1,591.6
Non-current lease liabilities	3.4	204.8	223.5
Long-term provisions	3.7	80.5	91.2
Long-term contract liabilities	2.3	158.0	184.0
Retirement benefit obligation	7.3	13.9	12.8
Deferred tax liabilities	5.1	129.4	113.9
Total non-current liabilities		**2,162.5**	**2,217.0**
Total liabilities		**3,300.4**	**3,321.1**
Share capital	4.6	3.0	3.1
Treasury shares		(3.8)	(429.0)
Retained earnings and reserves		2,471.2	2,638.4
Equity attributable to equity holders of the parent		**2,470.4**	**2,212.4**
Non-controlling interests		20.9	18.9
Equity		**2,491.3**	**2,231.4**
Total liabilities and equity		**5,791.8**	**5,552.5**

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

Consolidated cash flow statement

April 1 to March 31, in CHF million	Notes		2023/24		2022/23
Income before taxes			**647.3**		**715.6**
Depreciation, amortization and impairment of tangible and intangible assets and right-of-use assets	3.3, 3.4, 3.5	246.2		239.7	
Loss on sale of tangible and intangible assets, net		0.8		1.9	
Share of (profit) / loss in associates / joint ventures, net	6.2	(4.4)		(3.9)	
Decrease in long-term provisions and long-term contract liabilities		(28.8)		(33.6)	
Financial (income) / expenses, net excl. cash flow from management of foreign currencies and exchange (gains)/losses		17.3		14.6	
Share based payments	7.4	22.8		21.0	
Other non-cash items		(17.2)		(11.0)	
Income taxes paid		(74.6)	162.0	(86.8)	141.9
Cash flow before changes in net working capital			**809.4**		**857.5**
Increase in trade receivables		(22.0)		(67.3)	
(Increase) / decrease in other receivables and prepaid expenses		(13.1)		6.9	
Increase in inventories		(19.0)		(7.7)	
Increase in trade payables		11.7		5.2	
Decrease in other payables, accruals, short-term provisions and short-term contract liabilities		(13.7)	(56.1)	(10.7)	(73.7)
Cash flow from operating activities			**753.3**		**783.9**
Purchase of tangible and intangible assets	3.3, 3.5	(128.6)		(154.3)	
Proceeds from sale of tangible and intangible assets		1.2		2.0	
Cash consideration for acquisitions, net of cash acquired	6.1	(101.6)		(261.1)	
Payments for other financial assets		(31.2)		(27.8)	
Repayments of other financial assets		22.1		11.7	
Interest received		4.1		1.2	
Cash flow from investing activities			**(234.0)**		**(428.3)**
Proceeds from borrowings	4.5			649.2	
Repayment of borrowings	4.5			(330.0)	
Repayment of lease liabilities	3.4	(75.1)		(75.9)	
Share buyback program	4.6			(446.2)	
Sale of treasury shares	4.6	19.9		16.2	
Purchase of treasury shares	4.6	(51.3)		(56.5)	
Dividends paid by Sonova Holding AG		(274.1)		(267.6)	
Dividends to non-controlling interests		(8.2)		(12.7)	
Cash consideration for acquisition of non-controlling interests		(0.9)			
Interest paid		(25.6)		(21.7)	
Cash flow from financing activities			**(415.3)**		**(545.2)**
Exchange losses on cash and cash equivalents			(4.3)		(7.0)
Increase / (decrease) in cash and cash equivalents			**99.7**		**(196.6)**
Cash and cash equivalents at the beginning of the financial year			413.9		610.5
Cash and cash equivalents at the end of the financial year			**513.6**		**413.9**

The Notes are an integral part of the 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, 2022	**3.2**	**3,550.8**	**(422.6)**	**(721.0)**	**22.3**	**2,432.8**
Income for the period		647.5			10.7	658.3
Actuarial (loss)/gain from defined benefit plans, net		(36.9)				(36.9)
Tax effect on actuarial result		6.5				6.5
Currency translation differences			(120.5)		(1.4)	(121.9)
Tax effect on currency translation			4.9			4.9
Total comprehensive income		**617.2**	**(115.6)**		**9.3**	**510.8**
Capital decrease - share buyback program	(0.1)	(702.7)		702.8		
Share-based payments		8.1		21.1		29.2
Sale of treasury shares[1]		(29.2)		46.0		16.7
Purchase of treasury shares[2]				(477.9)		(477.9)
Dividend paid		(267.6)			(12.7)	(280.3)
Balance March 31, 2023	**3.1**	**3,176.6**	**(538.2)**	**(429.0)**	**18.9**	**2,231.4**
Balance April 1, 2023	**3.1**	**3,176.6**	**(538.2)**	**(429.0)**	**18.9**	**2,231.4**
Income for the period		601.0			8.5	609.5
Actuarial (loss)/gain from defined benefit plans, net		13.2				13.2
Tax effect on actuarial result		(2.3)				(2.3)
Currency translation differences			(79.1)		(0.3)	(79.4)
Tax effect on currency translation			5.0			5.0
Total comprehensive income		**611.9**	**(74.1)**		**8.2**	**546.0**
Capital decrease - share buyback program	(0.1)	(421.4)		421.5		
Share-based payments		8.2		19.7		27.9
Sale of treasury shares[1]		(14.8)		35.3		20.5
Purchase of treasury shares				(51.3)		(51.3)
Dividend paid		(274.1)			(8.2)	(282.3)
Acquisition of non-controlling interests		(3.4)	0.5		2.0	(0.9)
Balance March 31, 2024	**3.0**	**3,082.9**	**(611.7)**	**(3.8)**	**20.9**	**2,491.3**

1) In relation to long-term equity incentive plans.
2) Further information on the share buyback program is disclosed in Note 4.6.
The Notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements as of March 31, 2024

1. Basis for preparation

1.1 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 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.

1.2 Basis of consolidated financial statements

The consolidated financial statements of the Group are based on the financial statements of the individual Group companies at March 31, which are prepared in accordance with uniform accounting policies. The consolidated financial statements were prepared under the historical cost convention except for the revaluation of certain financial assets at market value, which were prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB). The consolidated financial statements were approved by the Board of Directors of Sonova Holding AG on May 11, 2024 and are subject to approval by the Annual General Shareholders' Meeting on June 11, 2024.

The consolidated financial statements are presented in millions of Swiss Francs (CHF) and rounded to the nearest hundred thousand. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amounts.

The consolidated financial statements include Sonova Holding AG as well as the domestic and foreign subsidiaries over which Sonova Holding AG exercises control. A list of the significant consolidated companies is given in Note 7.7.

Accounting policies of relevance for an understanding of the consolidated financial statements are set out in the specific notes to the financial statements.

1.3 Significant accounting judgments and estimates

Preparation of financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. This includes estimates and assumptions in the ordinary course of business as well as non-recurring events such as the outcome of pending legal disputes. The estimates and assumptions are continuously evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable. Actual results may differ from these estimates and assumptions.

The main estimates and assumptions with a significant risk of resulting in a material adjustment are described in the following notes:

Description	Further information
Allocation of the transaction price to performance obligations	Note 2.3: Revenue
Renewal options in leases	Note 3.4: Leases
Capitalization of development costs	Note 3.5: Intangible assets
Impairment test	Note 3.5: Intangible assets
Provisions for warranty, returns and product liabilities	Note 3.7: Provisions
Fair value of financial liabilities at fair value through profit or loss	Note 4.8: Financial instruments
Deferred tax assets	Note 5.1: Taxes
Business combinations	Note 6.1: Acquisitions/disposals of subsidiaries
Defined benefit plans	Note 7.3: Employee benefits

1.4 Changes in accounting policies

In 2023/24 the Group adopted the following new IFRS Accounting Standards and interpretations and amendments to existing ones, without having a significant impact on the Group's result and financial position:

- Insurance Contracts – IFRS 17
- Disclosure of Accounting Policies – Amendments to IAS 1
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

In May 2023, the International Accounting Standard Board (IASB) issued the amendments to IAS 12 "Income Taxes" relating to "International Tax Reform - Pillar Two Model Rules". The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group has assessed the expected impacts of the various new and revised standards and interpretations that will be effective for the financial year starting April 1, 2024. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group is also assessing other new and revised standards which are not mandatory until after 2024:

IFRS 18 "Presentation and Disclosure in Financial Statements": The new standard on presentation and disclosure in financial statements. The key new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Group is currently assessing the impact of adopting the standard.

2. Operating result

2.1 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 (see section "Intangible assets" in Note 3.5) and related amortization charges. To calculate EBITA[1], which is the key profit metric for internal (refer to Note 2.2) as well as external purposes, acquisition-related amortization is separated from the individual functions as disclosed below.

April 1 to March 31, CHF million			2023/24
	Income statement as reported	Acquisition related amortization	**Income statement EBITA separation**
Sales	**3,626.9**		**3,626.9**
Cost of sales	(1,016.5)		(1,016.5)
Gross profit	**2,610.4**		**2,610.4**
Research and development	(239.0)	1.5	(237.5)
Sales and marketing	(1,346.0)	55.6	(1,290.4)
General and administration	(354.9)		(354.9)
Other income / (expenses), net	(0.6)		(0.6)
Operating profit before acquisition-related amortization (EBITA)[1]			**727.0**
Acquisition-related amortization		(57.1)	(57.1)
Operating profit (EBIT)[2]	**669.9**		**669.9**

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).

April 1 to March 31, CHF million			2022/23
	Income statement as reported	Acquisition related amortization	**Income statement EBITA separation**
Sales	**3,738.4**		**3,738.4**
Cost of sales	(1,101.0)		(1,101.0)
Gross profit	**2,637.4**		**2,637.4**
Research and development	(244.6)	1.6	(243.0)
Sales and marketing	(1,316.4)	53.3	(1,263.1)
General and administration	(330.2)		(330.2)
Other income / (expenses), net	0.6		0.6
Operating profit before acquisition-related amortization (EBITA)[1]			**801.6**
Acquisition-related amortization		(54.9)	(54.9)
Operating profit (EBIT)[2]	**746.7**		**746.7**

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).

2.2 Segment information

Information by business segments

The Group is active in the two business segments, hearing instruments and cochlear implants, which are reported separately to the Group's chief operating decision maker (Chief Executive Officer). The financial information that is provided to the Group's chief operating decision maker, which is used to allocate resources and to assess the performance, is primarily based on sales analysis as well as consolidated income statements and other key financial metrics for the two segments. The Group uses EBITA as a key metric to measure profit or loss for both segments (refer to Note 2.1). Transactions between segments are based on market terms.

Hearing instruments:

This operating segment includes the activities of the design, development, manufacture, distribution and service of hearing instruments and related products, as well as wireless headsets, speech-enhanced hearables and audiophile headphones. Research and development is centralized in Switzerland while some supporting activities are also performed in Canada, Sweden and Germany. Production of hearing instruments is concentrated in three production centers located in Switzerland, China and Vietnam – with technologically advanced production processes being performed in Switzerland and standard product assembly being located in Asia -, whereas the production of consumer hearing devices is based in Germany, Ireland, Romania and the USA. Most of the marketing activities are steered by the brand marketing departments in Switzerland, Canada, the United States, Germany and Sweden. The execution of marketing campaigns lies with the sales organizations in each market. Product distribution is done through sales organizations in the individual markets for hearing instruments and through 21 sales subsidiaries and long-established trading partners for consumer hearing products. The distribution channels of the Group vary in the individual markets depending on the sales strategy and the characteristics of the countries. The distribution channels can be split broadly into a retail business where Sonova operates its own store network and sells directly to end consumers and a hearing instruments business, reflecting the wholesale sales to independent audiologists, 3rd party retail chains, multinational and government customers.

Cochlear implants:

This operating segment includes the activities of the design, development, manufacture, distribution and service of hearing implants and related products. The segment consists of Advanced Bionics and the related sales organizations. Research and development as well as marketing activities of Advanced Bionics are centralized predominantly in the United States and Switzerland while production resides in the United States. The distribution of products is effected through sales organizations in the individual markets.

in CHF million	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	Hearing Instruments		Cochlear Implants		Corporate / Eliminations		Total	
Segment sales	3,357.1	3,461.4	282.4	293.0			3,639.5	3,754.4
Intersegment sales	(9.2)	(10.0)	(3.5)	(6.1)			(12.7)	(16.0)
Sales	**3,347.9**	**3,451.5**	**278.9**	**286.9**			**3,626.9**	**3,738.4**
Timing of revenue recognition								
At point in time	3,207.3	3,289.0	273.2	274.2			3,480.6	3,563.2
Over time	140.6	162.5	5.7	12.7			146.3	175.2
Total sales	**3,347.9**	**3,451.5**	**278.9**	**286.9**			**3,626.9**	**3,738.4**
Operating profit before acquisition-related amortization (EBITA)	**701.7**	**771.4**	**25.4**	**30.1**	**(0.0)**	**0.0**	**727.0**	**801.6**
Depreciation, amortization and impairment	(216.7)	(206.7)	(29.6)	(33.0)			(246.2)	(239.7)
Segment assets	**5,069.3**	**4,976.1**	**580.8**	**578.8**	**(738.9)**	**(686.0)**	**4,911.2**	**4,869.0**
Unallocated assets[1]							880.6	683.5
Total assets							**5,791.8**	**5,552.5**

[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	2023/24	2022/23
EBITA	727.0	801.6
Acquisition-related amortization	(57.1)	(54.9)
Financial costs, net	(27.0)	(34.9)
Share of profit/(loss) in associates/joint ventures, net	4.4	3.9
Income before taxes	**647.3**	**715.6**

Entity-wide disclosures

Sales by business CHF million	2023/24	2022/23
Hearing Instruments business	1,697.7	1,809.3
Audiological Care business	1,410.5	1,357.8
Consumer Hearing business	239.7	284.3
Total Hearing Instruments segment	**3,347.9**	**3,451.5**
Cochlear Implant systems	185.5	185.4
Upgrades and accessories	93.4	101.5
Total Cochlear Implants segment	**278.9**	**286.9**
Total sales	**3,626.9**	**3,738.4**

Sales and selected non-current assets by regions CHF million	2023/24	2022/23	2023/24	2022/23
Country / region	Sales[1]		Selected non-current assets[2]	
Switzerland	30.6	35.9	221.7	231.5
EMEA (excl. Switzerland)	1,828.4	1,832.3	1,705.7	1,708.2
USA	1,074.0	1,150.0	1,048.0	1,052.7
Americas (excl. USA)	264.4	274.0	261.5	241.3
Asia/Pacific	429.4	446.2	470.7	502.3
Total Group	**3,626.9**	**3,738.4**	**3,707.6**	**3,736.1**

1) Sales based on location of customers.
2) Total of property, plant & equipment, right-of-use assets, intangible assets and investments in associates/joint ventures.

As common in this industry, the Sonova Group has a large number of customers. There is no single customer who accounts for more than 10% of total sales.

2.3 Revenue

The Group generates revenue primarily from the sale of audio devices, hearing instruments, cochlear implants and related services. A disaggregation of revenue from contracts with customers is included in Note 2.2. The following provides information about the Group's revenue recognition policies, performance obligations and related contract assets and liabilities.

The following table summarizes the contract assets and contract liabilities related to contracts with customers:

Contract balances CHF million	31.3.2024	31.3.2023
Contract assets	10.5	9.5
Contract liabilities	281.5	299.8

Contract liabilities relate to advance consideration received from customers for the Group's various services, such as extended warranties, loss and damage and battery plans. In addition to the contract liabilities, the Group also recognizes contract assets that relate to loss and damage services. Contract assets are presented within other operating assets (refer to Note 3.6) in the consolidated balance sheet.

Significant changes in the contract liabilities during the period are as follows:

Movement in contract liabilities CHF million	2023/24	2022/23
Balance April 1	299.8	294.1
Changes through business combinations	0.9	
Increase due to advance consideration received in the period	134.5	191.6
Decrease due to revenue recognized in the period that,		
- was included in the contract liabilities at the beginning of the period	(107.1)	(136.8)
- relates to consideration received in the period	(38.4)	(39.1)
Reversals	(2.3)	(0.1)
Exchange differences	(5.9)	(9.9)
Balance March 31	**281.5**	**299.8**
Expectation on timing of revenue recognition:		
Within 1 year	123.6	115.8
Within 2 years	75.4	93.6
Within 3 years	39.7	49.8
Within 4 years	20.1	19.1
More than 4 years	22.7	21.5

No material revenue was recognized in the current period from performance obligations satisfied in previous periods.

Accounting policies

The Group recognizes revenue at point in time when control of the products is transferred to the buyer, mainly upon delivery. The transaction price is adjusted for any variable elements, such as rebates and discounts. For audiological care customers, revenue recognition usually occurs after fitting of the device or when the trial period lapses. For hearing instruments sold in bundled packages (i.e. including accessories and services), the transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling price of all performance obligations in the contract.

For cochlear implants, sales are generally recognized at point in time when control of the products is transferred to the buyer (mainly hospitals), either at delivery or after surgery.

When the customer has a right to return the product within a given period, the amount of revenue is adjusted for expected returns, which are estimated based on historical product return rates. A return provision for the expected returns is recognized as an adjustment to revenue. In addition, an asset for the right to recover returned goods is recognized, measured by reference to the carrying amount, which is presented as part of other current operating assets.

The Group also offers various services, such as extended warranties, loss and damage and battery plans. Revenue for these services is predominantly recognized on a straight-line basis over the service period. In the majority of countries in which the Group operates, the standard warranty period is two years and the extended warranty covers periods beyond the second year. Loss and damage is offered in some, but not all countries, in which the Group operates. This service assures replacement of hearing instruments that are not covered by the warranty. In some countries, the Group reinsures loss and damage. Insurance costs are capitalized as contract assets and are recognized as cost of sales over the loss and damage service period.

Payment terms vary significantly across countries and also depend on whether the customer is a private or public customer.

Accounting judgements and estimates

In order to allocate the transaction price to each performance obligation in a contract, management estimates the standalone selling price of the products and services at contract inception. Mostly, the standalone selling price is based on established price lists. For loss and damage services, management considers the likelihood of a customer claim in the calculation of the standalone selling price.

If the sum of the standalone selling prices of a bundle of goods or services exceeds the consideration in a contract, the discount is allocated proportionally to all of the performance obligations in the contract unless there is observable evidence that the discount relates to only one or some of the performance obligations.

2.4 Other income/expenses

In the 2023/24 financial year, the net result of other income and expense amounts to CHF –0.6 million (previous year: CHF 0.6 million).

2.5 Earnings per share

Basic earnings per share	2023/24	2022/23
Income after taxes (CHF million)	601.0	647.5
Weighted average number of outstanding shares	59,630,111	60,224,264
Basic earnings per share (CHF)	**10.08**	**10.75**

Diluted earnings per share	2023/24	2022/23
Income after taxes (CHF million)	601.0	647.5
Weighted average number of outstanding shares	59,630,111	60,224,264
Adjustment for dilutive share awards	160,699	208,862
Adjusted weighted average number of outstanding shares	59,790,810	60,433,126
Diluted earnings per share (CHF)	**10.05**	**10.72**

Accounting policies

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.

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 2017 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.

3. Operating assets and liabilities

3.1 Trade receivables

CHF million	31.3.2024	31.3.2023
Trade receivables	563.6	556.1
Loss allowance for doubtful receivables	(25.4)	(31.5)
Total	**538.3**	**524.7**

As is common in this industry, the Sonova Group has a large number of customers. There is no significant concentration of credit risk.

For further information on the aging of the trade receivables and related allowances, please refer to Note 4.7.

During 2023/24, the Group utilized CHF 3.5 million (previous year CHF 1.7 million) of the loss allowance for doubtful receivables to write-off receivables.

The carrying amounts of trade receivables are denominated in the following currencies:

CHF million	31.3.2024	31.3.2023
BRL	19.2	19.0
CAD	23.4	21.5
CHF	12.5	14.0
EUR	211.6	217.5
GBP	17.6	19.6
USD	165.8	155.3
Other	88.3	77.7
Total trade receivables, net	**538.3**	**524.7**

Accounting policies

Trade receivables are initially recorded at the transaction price and subsequently measured at amortized cost using the effective interest method, less loss allowance. The Group applies the IFRS 9 simplified approach to measuring credit losses, which uses a lifetime expected loss allowance for trade receivables. This approach considers historical credit loss experience as well as forward-looking factors (see Note 4.7). The charges to the income statement are included in general and administration costs. Due to the short-term nature of trade receivables, their carrying amount is considered to approximate their fair value.

3.2 Inventories

CHF million	31.3.2024	31.3.2023
Raw materials and components	60.1	93.9
Work-in-process	156.4	124.3
Finished products	282.3	252.7
Allowances	(63.2)	(51.7)
Total	**435.6**	**419.1**

The “cost of sales” corresponding to the carrying value of inventory (which excludes freight, packaging, logistics as well as certain overhead cost) amounted in 2023/24 to CHF 858.7 million (previous year CHF 887.7 million). The Group recognized write-downs of CHF 31.8 million (previous year CHF 18.0 million) on inventories in cost of sales.

Accounting policies

Purchased raw materials, components and finished goods are valued at the lower of cost or net realizable value. To evaluate cost, the standard cost method is applied, which approximates historical cost determined on a first-in first-out basis.

Manufactured finished goods and work-in-process are valued at the lower of production cost or net realizable value. Standard costs take into account normal levels of materials, supplies, labor, efficiency, and capacity utilization. Standard costs are regularly reviewed and, if necessary, revised in the light of current conditions. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion (where applicable) and selling expenses.

Allowances are established for slow moving, phase out and obsolete stock.

3.3 Property, plant and equipment

CHF million					2023/24
	Land & buildings	Machinery & technical equipment	Room installations & other equipment	Advance payments & assets under construction	Total
Cost					
Balance April 1	221.3	325.7	402.1	29.7	978.8
Changes through business combinations		0.6	2.4		3.0
Additions	1.8	28.2	37.6	17.7	85.3
Disposals	(0.8)	(4.9)	(21.9)		(27.6)
Transfers	0.8	2.4	7.2	(10.4)	
Exchange differences	(1.9)	(5.9)	(8.1)	0.8	(15.2)
Balance March 31	**221.2**	**346.1**	**419.3**	**37.8**	**1,024.4**
Accumulated depreciation					
Balance April 1	(101.7)	(250.2)	(255.8)		(607.7)
Additions	(6.9)	(27.3)	(37.5)		(71.9)
Disposals	0.4	3.9	21.6		25.9
Exchange differences	0.8	4.1	4.6		9.5
Balance March 31	**(107.4)**	**(269.5)**	**(267.1)**		**(644.2)**
Net book value					
Balance April 1	119.6	75.4	146.3	29.7	371.1
Balance March 31	**113.8**	**76.6**	**152.2**	**37.6**	**380.2**

CHF million					**2022/23**
	Land & buildings	Machinery & technical equipment	Room installations & other equipment	Advance payments & assets under construction	Total
Cost					
Balance April 1	221.4	315.9	381.3	21.7	940.3
PPA finalization[1)]		0.1			0.1
Changes through business combinations		0.6	2.3	0.0	2.9
Additions	2.7	25.5	45.7	23.0	96.9
Disposals		(12.4)	(22.6)		(35.0)
Transfers		3.5	10.7	(14.6)	(0.4)
Exchange differences	(2.8)	(7.4)	(15.4)	(0.4)	(26.0)
Balance March 31	**221.3**	**325.7**	**402.1**	**29.7**	**978.8**
Accumulated depreciation					
Balance April 1	(96.2)	(238.8)	(246.4)		(581.4)
Additions	(6.9)	(28.6)	(37.8)		(73.3)
Disposals		12.0	19.3		31.3
Transfers		0.2	(0.2)		0.0
Exchange differences	1.4	5.1	9.3		15.7
Balance March 31	**(101.7)**	**(250.2)**	**(255.8)**		**(607.7)**
Net book value					
Balance April 1	125.2	77.0	134.9	21.7	358.9
Balance March 31	**119.6**	**75.4**	**146.3**	**29.7**	**371.1**

1) Relates to finalization of purchase price allocation Sennheiser Consumer Division (refer to Note 6.1).

Accounting policies

Property, plant and equipment is valued at purchase or manufacturing cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the expected useful lifetime of the individual assets or asset categories. Where an asset comprises several parts with different useful lifetimes, each part of the asset is depreciated separately over its applicable useful lifetime.

The applicable useful lifetimes are 25 – 40 years for buildings and 3 – 10 years for production facilities, machinery, equipment, and vehicles. Land is not depreciated. Leasehold improvements are depreciated over the shorter of useful life or lease term.

Subsequent expenditure on an item of tangible assets is capitalized at cost only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure for repair and maintenance, which does not increase the estimated useful lifetimes of the related assets are recognized as an expense in the period in which they are incurred.

The Group assesses at each reporting date, whether there is any indication, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. If the recoverable amount is lower than carrying amount, an impairment loss is recognized.

3.4 Leases

Right-of-use assets CHF million				2023/24
	Properties	Vehicles	Other assets	Total
Cost				
Balance April 1	328.2	8.1	1.6	337.9
Changes through business combinations	6.0			6.0
Additions	50.7	1.4	0.4	52.5
Disposals	(61.0)	(1.7)	(0.5)	(63.2)
Exchange differences	(6.9)	(0.2)	(0.1)	(7.1)
Balance March 31	**317.0**	**7.6**	**1.5**	**326.1**
Accumulated depreciation				
Balance April 1	(46.0)	(2.2)	(1.2)	(49.5)
Additions	(74.4)	(2.1)	(0.6)	(77.0)
Disposals	61.0	1.7	0.5	63.2
Exchange differences	6.6	0.2	0.1	6.8
Balance March 31	**(52.8)**	**(2.4)**	**(1.2)**	**(56.5)**
Net book value				
Balance April 1	282.2	5.8	0.4	288.4
Balance March 31	**264.2**	**5.2**	**0.2**	**269.6**

Right-of-use assets CHF million				2022/23
	Properties	Vehicles	Other assets	Total
Cost				
Balance April 1	352.1	9.3	1.7	363.1
Changes through business combinations	13.5			13.5
Additions	95.4	3.0	0.2	98.6
Disposals	(117.1)	(3.7)	(0.3)	(121.1)
Exchange differences	(15.7)	(0.5)	(0.0)	(16.3)
Balance March 31	**328.2**	**8.1**	**1.6**	**337.9**
Accumulated depreciation				
Balance April 1	(84.6)	(3.5)	(1.3)	(89.4)
Additions	(71.0)	(2.3)	(0.2)	(73.4)
Disposals	117.1	3.7	0.3	121.1
Exchange differences	(7.5)	(0.2)	(0.0)	(7.8)
Balance March 31	**(46.0)**	**(2.2)**	**(1.2)**	**(49.5)**
Net book value				
Balance April 1	267.5	5.8	0.4	273.8
Balance March 31	**282.2**	**5.8**	**0.4**	**288.4**

Lease liabilities CHF million	2023/24	2022/23
Balance April 1	296.9	284.3
Changes through business combinations	6.0	13.5
Additions	52.5	99.0
Interest expense	6.7	5.2
Payments	(81.7)	(81.1)
Exchange differences	(1.2)	(24.0)
Balance March 31	**279.1**	**296.9**
thereof short-term	74.3	73.4
thereof long-term	204.8	223.5

The maturity analysis of lease liabilities is disclosed in Note 4.7

Lease disclosures CHF million	2023/24	2022/23
Expenses relating to short-term leases	9.4	16.7
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	0.3	0.5
Expenses relating to variable lease payments	6.0	6.8

The total cash outflow for leases in the financial year 2023/24 amounted to CHF 97.4 million (prior year CHF 105.1 million).

The Group has various lease contracts that as of March 31, 2024 have not yet commenced. The future lease payments for these non-cancellable lease contracts amount to CHF 0.3 million (prior year CHF 3.0 million). The future lease payments relating to variable lease payments amount to CHF 6.0 million (prior year CHF 6.8 million).

Accounting policies

The group leases properties for retail stores as well as for office, laboratory, manufacturing and storage use. The leasing terms vary significantly across countries. The leases of office space typically run for a period of up to 10 years, and leases of retail stores typically for a period of 3 to 5 years. Leases of vehicles and other assets have an average lease term of 3.4 years. Some leases include an option to renew the lease for an additional period after the end of the contract term.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and, subsequently at cost less accumulated depreciation and impairment losses and also includes adjustments for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and are discounted using the Group's incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Accounting judgements and estimates

The Group uses judgement to determine the lease term for some lease contracts which include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and right-of-use assets recognized. Extension options and termination options are re-assessed only when a significant event or change in circumstances occurs that is within the control of the Group and affects whether it is reasonably certain to exercise an option.

3.5 Intangible assets

CHF million					2023/24
	Goodwill	Intangibles relating to acquisitions [1)]	Capitalized development costs	Software and other intangibles	Total
Cost					
Balance April 1	2,542.2	919.6	241.1	155.7	3,858.5
Changes through business combinations	73.8	28.5		3.0	105.3
Additions			10.3	32.9	43.3
Disposals		(6.5)			(6.5)
Exchange differences	(57.5)	(20.9)	(0.7)	(1.4)	(80.5)
Balance March 31	**2,558.4**	**920.7**	**250.8**	**190.2**	**3,920.1**
Accumulated amortization and impairments					
Balance April 1	(140.8)	(426.5)	(141.8)	(91.5)	(800.7)
Additions		(57.1)[2)]	(22.0)	(18.1)	(97.1)
Disposals		6.5			6.5
Exchange differences	2.0	7.9		(0.2)	9.8
Balance March 31	**(138.9)**	**(469.2)**	**(163.7)**	**(109.7)**	**(881.5)**
Net book value					
Balance April 1	2,401.3	493.1	99.3	64.2	3,057.9
Balance March 31	**2,419.6**	**451.5**	**87.1**	**80.5**	**3,038.6**

1) Intangibles relating to acquisitions consists of customer relationships (CHF 254.9 million), trademarks (CHF 186.0 million) and technology (CHF 10.6 million).
2) Relates to research and development (CHF 1.5 million) and sales and marketing (CHF 55.6 million).

CHF million					2022/23
	Goodwill	Intangibles relating to acquisitions [1]	Capitalized development costs	Software and other intangibles	Total
Cost					
Balance April 1	2,440.6	892.7	224.2	117.9	3,675.5
PPA finalization[2]	(14.9)	9.8		(0.2)	(5.3)
Changes through business combinations	198.5	49.3		1.2	249.0
Additions			18.0	39.3	57.4
Disposals		(0.3)		(1.2)	(1.5)
Transfers				0.4	0.4
Exchange differences	(82.0)	(31.9)	(1.2)	(1.7)	(116.8)
Balance March 31	**2,542.2**	**919.6**	**241.1**	**155.7**	**3,858.5**
Accumulated amortization and impairments					
Balance April 1	(142.2)	(386.4)	(115.6)	(82.4)	(726.6)
Additions		(54.9)[3]	(26.4)	(11.7)	(92.9)
Disposals		0.1		1.2	1.3
Exchange differences	1.4	14.7	0.2	1.3	17.6
Balance March 31	**(140.8)**	**(426.5)**	**(141.8)**	**(91.5)**	**(800.7)**
Net book value					
Balance April 1	2,298.4	506.3	108.6	35.6	2,948.9
Balance March 31	**2,401.3**	**493.1**	**99.3**	**64.2**	**3,057.9**

1) Intangibles relating to acquisitions consists of customer relationships (CHF 295.3 million), trademarks (CHF 185.3 million) and technology (CHF 12.5 million).
2) Relates to finalization of purchase price allocation Sennheiser Consumer Division (refer to Note 6.1).
3) Relates to research and development (CHF 1.6 million) and sales and marketing (CHF 53.3 million).

Based on the impairment tests performed, there was no need for the recognition of any impairment of goodwill for the 2023/24 and 2022/23 financial years.

The cash flow projections used for impairment testing, were based on the most recent business plan. The business plan was projected over a five year period.

Hearing instruments

As of March 31, 2024, the carrying amount of goodwill, expressed in various currencies, amounted to an equivalent of CHF 2,128.9 million (prior year CHF 2,106.5 million) and for intangible assets with indefinite useful lives to CHF 100.1 million (prior year: CHF 102.7 million). The intangible assets with indefinite useful lives relates to the Sennheiser brand name that was acquired as part of the acquisition of the Consumer Division from Sennheiser in financial year 2021/22. It has been determined to have an indefinite useful life as there is no intention to abandon the brand name. It has existed for many years and the Group has the ability to maintain its brand value for an indefinite period of time. Thus, the brand is not amortized but is assessed for impairment annually.

Cash flows beyond the projection period were extrapolated with a long-term growth rate of 2.1% (prior year 1.9%) which represents the projected inflation rate. For the calculation, a pre-tax weighted average discount rate of 11.2% (prior year 10.8%) was used. The Group performed a sensitivity analysis, which shows that changes to the main input parameters (increase of discount rate +1%, or long-term growth rate –1%) would not result in an impairment of goodwill.

Cochlear implants

As of March 31, 2024, the carrying amount of the goodwill, expressed in various currencies, amounted to an equivalent of CHF 290.7 million (prior year CHF 294.8 million).

Cash flows beyond the projection period were extrapolated with a long-term growth rate of 2.2% (prior year 2.0%) which represents the projected inflation rate. For the calculation, a pre-tax weighted average discount rate of 11.8% (prior year 11.7%) was used. The Group performed a sensitivity analysis, which shows that changes to the main input parameters (increase of discount rate +1%, or long-term growth rate –1%) would not result in an impairment of goodwill.

The capitalized development costs are reviewed on a regular basis. In the current financial year this review did not lead to any valuation adjustments. The capitalized development costs are included in the reportable segment “cochlear implants” disclosed in Note 2.2.

Accounting policies

Goodwill
Goodwill is recognized for any difference between the cost of the business combination and the net fair value of the identifiable assets, liabilities, and contingent liabilities (refer to accounting policies in Note 6.1). Goodwill is not amortized, but is assessed for impairment annually, or more frequently if events or changes in circumstances indicate that its value might be impaired. For the purpose of impairment testing, goodwill is allocated to the cash-generating unit, which is expected to benefit from the synergies of the corresponding business combination. For the Group, a meaningful goodwill allocation can only be done at the level of the segments, hearing instruments and cochlear implants. This also reflects the level that the goodwill is monitored by management. For both of the two cash-generating units, the recoverable amount is compared to the carrying amount. The carrying amount is determined based on a value-in-use calculation considering a five-year cash flow projection period and extrapolated using a terminal value for cash flows beyond the planning period. The cash flow projections are estimated on the basis of the strategic plan approved by the Board of Directors. Future cash flows are discounted with the Weighted Average Cost of Capital (WACC) including the application of the Capital Asset Pricing Model (CAPM).

Intangibles, excluding goodwill

Purchased intangible assets such as software, licenses and patents are measured at cost less accumulated amortization (applying the straight-line method) and any impairment in value. Software is amortized over a useful lifetime of 3 – 5 years. Intangibles relating to acquisitions of subsidiaries (excluding goodwill) consist generally of technology, client relationships, customer lists, and brand names, and are amortized over a period of 3 – 20 years (except for the Sennheiser brand name as disclosed above). Other intangible assets are generally amortized over a period of 3 – 10 years. For capitalized development costs in the cochlear implants segment, amortization starts when the capitalized asset is ready for use, which is generally after receipt of approval from regulatory bodies. These assets are amortized over the estimated useful lifetime of 2 – 7 years applying the straight-line method. For in-process capitalized development costs, these capitalized costs are tested annually for impairment. Except for goodwill, the Sonova Group has no intangible assets with an indefinite useful life.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Research costs are expensed as incurred. Development costs are capitalized only if the identifiable asset is commercially and technically feasible, can be completed, its costs can be measured reliably and will generate probable future economic benefits. Group expenditures, which fulfill these criteria are limited to the development of tooling and equipment as well as costs related to the development of cochlear implants. All other development costs are expensed as incurred. In addition to the internal costs (direct personnel and other operating costs, depreciation on research and development equipment and allocated occupancy costs), total costs also include externally contracted development work. Such capitalized intangibles are recognized at cost less accumulated amortization and impairment losses.

Accounting judgements and estimates

Goodwill

The recoverable amount of cash-generating units is measured on the basis of value-in-use calculations and as such is significantly impacted by the projected cash flows, the discount rate, and the long-term growth rate, which are subject to management judgment. Actual cash flows as well as other input parameters could vary significantly from these estimates.

Capitalized development costs

The Group capitalizes costs relating to the development of cochlear implants. The capitalized development costs are reviewed on a regular basis as a matter of a standard systematic procedure. In determining the commercial as well as the technical feasibility, management judgment may be required.

3.6 Other operating assets

Other current operating assets CHF million	**31.3.2024**	**31.3.2023**
Other receivables	90.9	73.9
Prepaid expenses	42.4	48.5
Contract assets	3.9	3.8
Right to recover products	10.8	12.2
Total	**148.0**	**138.3**

Other non-current operating assets CHF million	**31.3.2024**	**31.3.2023**
Contract assets	6.6	5.7
Total	**6.6**	**5.7**

The largest individual items included in other receivables are recoverable value added taxes and deposits. Prepaid expenses mainly consist of advances to suppliers. Contract assets relate to reinsurance of loss and damage services and rights to recover returned goods relate to hearing instrument sales with a right of return (refer to Note 2.3).

3.7 Provisions

CHF million					2023/24
	Warranty and returns	Reimbursement to customers	Product liabilities	Other provisions	Total
Balance April 1	139.7	10.7	58.5	36.3	245.2
Changes through business combinations				1.6	1.6
Amounts used	(54.6)	(15.6)	(12.0)	(12.3)	(94.5)
Reversals	(7.8)	(3.6)	(1.1)	(5.0)	(17.5)
Increases	49.6	19.8		10.1	79.5
Present value adjustments			0.5		0.5
Exchange differences	(3.4)	(0.3)	(1.1)	(1.3)	(6.1)
Balance March 31	**123.5**	**11.0**	**44.8**	**29.4**	**208.7**
thereof short-term	91.4	10.9	11.0	15.0	128.3
thereof long-term	32.1	0.1	33.9	14.4	80.5

CHF million					2022/23
	Warranty and returns	Reimbursement to customers	Product liabilities	Other provisions	Total
Balance April 1	135.3	4.1	94.4	50.4	284.2
PPA finalization[1)]				(0.1)	(0.1)
Changes through business combinations				1.3	1.3
Amounts used	(39.5)	(4.9)	(36.5)	(33.9)	(114.7)
Reversals	(9.7)	(0.2)	(0.5)	(10.8)	(21.1)
Increases	59.2	11.9		30.1	101.1
Present value adjustments			0.5	(0.0)	0.5
Exchange differences	(5.7)	(0.2)	0.6	(0.7)	(5.9)
Balance March 31	**139.7**	**10.7**	**58.5**	**36.3**	**245.2**
thereof short-term	101.5	10.7	17.4	24.5	154.0
thereof long-term	38.1		41.2	11.9	91.2

1) Relates to finalization of purchase price allocation Sennheiser Consumer Division (refer to Note 6.1).

Warranty and returns

The provision for warranty and returns considers any costs arising from the warranty given on products sold. In general, the Group grants a 12 to 24 months warranty period for audio devices, hearing instruments and related products and up to 10 years on cochlear implants. The calculation is based on turnover, past experience and projected number and costs of warranty claims and returns.

Reimbursement to customers

The provision for reimbursement to customers considers commitments to provide volume rebates. The provision is based on expected volumes. The large majority of the cash outflows are expected to take place within the next 12 months.

Product liabilities

The provisions for product liabilities consider the expected cost for claims in relation to the voluntary recall of cochlear implant products of Advanced Bionics in 2006 and Advanced Bionics voluntary field corrective action regarding cochlear implant products, as announced on February 18, 2020.

The provisions for product liabilities are reassessed on a regular and systematic basis and follow a financial model which is consistently applied. The calculation of the provision is based on past experience regarding the number and cost of current and future claims. In the 2023/24 financial year, changes in the assessment of the expected number and cost of current and future claims led to reversals of CHF 1.1 million (previous year reversals of CHF 0.5 million). As per March 31, 2024 the provision for product liabilities amount to CHF 44.8 million (previous year CHF 58.5 million). The timing of future cash outflows is uncertain since it will largely depend on the outcome of administrative and legal proceedings. In the case of the voluntary recall of AB products in 2006, considering periods of limitation, claims will have until 2026 to be filed in most jurisdictions. However, depending on the length of proceedings and negotiations, further years may pass until all claims are settled. We expect the main cash outflow relating to the provision for product liabilities to occur within the next 5 years.

Other provisions

Other provisions include provisions for specific business risks such as litigation CHF 0.7 million (prior year CHF 5.7 million) and restructuring costs CHF 7.1 million (prior year CHF 5.0 million). While the timing of the cash outflow from the restructuring provisions is expected to take place within the next 12 months, the cash outflows for the remainder of the other provisions is expected to take place within the next two years.

Accounting policies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

Accounting judgements and estimates

Provisions are based upon management's best estimate, taking into consideration past experience regarding the number and cost of claims. Management believes that the provisions are adequate based upon currently available information. However, given that judgment has to be applied, the actual costs and results may differ from these estimates.

3.8 Other operating liabilities

Other short-term operating liabilities CHF million	**31.3.2024**	**31.3.2023**
Other payables	97.3	92.9
Accrued expenses	280.8	279.9
Deferred income	1.5	1.1
Total	**379.6**	**373.9**

Other payables include amounts to be remitted for withholding taxes, value added taxes, social security payments and employees' income taxes deducted at source. Accrued expenses include salaries, social expenses, vacation pay, bonus and incentive compensation as well as accruals for outstanding invoices from suppliers.

3.9 Contingent assets and liabilities

Guarantees

At March 31, 2024 and 2023, there were no pledges given to third parties other than in relation to bank loans and mortgages.

Deposits in the amount of CHF 1.5 million (previous year CHF 1.6 million) were pledged in relation to bank guarantees. Open purchase orders as of March 31, 2024 and 2023, were related to recurring business activities.

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. The grant of summary judgment and the jury verdict will be open to appeal.

In a related case brought by MED-EL in Germany, the Regional Court of Mannheim has 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. 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 partent 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 with decisions expected in 2025. AB believes that the complaints in Germany and the UPC are without merits and continues to strongly defend its position, particularly in view of divisional patents granted to MED-EL in Europe.

4. Capital structure and financial management

4.1 Cash and cash equivalents

CHF million	31.3.2024	31.3.2023
Cash on hand	1.2	1.3
Current bank accounts	512.2	412.1
Term deposits	0.2	0.5
Total	**513.6**	**413.9**

Bank accounts and term deposits are mainly denominated in CHF, EUR and USD. The assessment on the credit risk related to cash and cash equivalents is disclosed in Note 4.7.

Accounting policies
Cash and cash equivalents includes cash on hand and cash at banks, bank overdrafts, term deposits and other short-term highly liquid investments with original maturities of three months or less. The consolidated cash flow statement summarizes the movements in cash and cash equivalents.

4.2 Financial income/expenses, net

CHF million	2023/24	2022/23
Interest income	4.8	1.5
Other financial income	7.5	13.5
Total financial income	**12.3**	**15.0**
Interest expenses	(21.0)	(16.9)
Interest expenses on lease liabilities	(6.7)	(5.2)
Interest and present value adjustments	(0.5)	(1.3)
Other financial expenses	(11.1)	(26.4)
Total financial expenses	**(39.2)**	**(49.9)**
Total financial income / expenses, net	**(27.0)**	**(34.9)**

Other financial income includes primarily fair value adjustments of financial instruments of CHF 6.2 million (previous year CHF 10.9 million). Other financial expenses includes foreign exchange gains and losses from the management of foreign currencies as well as net losses from the hedging of foreign exchange exposures of CHF 9.7 million (previous year CHF 20.3 million) and valuation adjustments on financial instruments of CHF 0.3 million (previous year CHF 5.2 million).

4.3 Dividend per share

The Board of Directors of Sonova Holding AG proposes to the Annual General Shareholders' Meeting, to be held on June 11, 2024, that a dividend of CHF 4.30 per share shall be distributed (previous year CHF 4.60).

4.4 Other financial assets

Other current financial assets

CHF million			31.3.2024			31.3.2023
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Total	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Total
Marketable securities		0.2	0.2		0.2	0.2
Positive replacement value of forward foreign exchange contracts		0.6	0.6		0.7	0.7
Loans to third parties	9.8		9.8	10.1		10.1
Total	**9.8**	**0.8**	**10.7**	**10.1**	**0.9**	**11.0**

The Group regularly hedges its net exposure from foreign currency balance sheet positions with forward contracts. Such contracts are not qualified as cash flow hedges and are, therefore, not accounted for using hedge accounting principles. Gains and losses on these transactions are recognized directly in the income statement (refer to Note 4.7).

Other non-current financial assets

CHF million			31.3.2024			31.3.2023
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Total	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Total
Loans to associates	0.9		0.9	1.4		1.4
Loans to third parties	53.0		53.0	39.9		39.9
Rent deposits	2.8		2.8	2.8		2.8
Other non-current financial assets		3.9	3.9		2.8	2.8
Total	**56.7**	**3.9**	**60.6**	**44.1**	**2.8**	**46.9**

The loans are primarily denominated in CAD, CHF, EUR, GBP, JPY, PLN and USD. Loans to third parties consist mainly of loans to customers. As of March 31, 2024, the respective repayment periods vary between one and nine years and the interest rates vary generally between 1% and 5%.

Other non-current financial assets mainly consist of certain minority interests in patent and software development companies specific to the hearing aid industry.

Accounting policies

Financial assets are classified into the following categories:

- *Financial assets at amortized cost*
- *Financial assets at fair value through profit or loss (FVPL)*

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in the income statement.

At initial recognition, the Group measures a financial asset at its fair value. In the case of financial assets at amortized cost and FVOCI the fair value includes transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the income statement.

Financial assets at fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the income statement in the period in which it arises.

4.5 Financial liabilities

As of March 31, 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

The Group maintains a syndicated credit facility in the amount of CHF 250 million. As of March 31, 2024 the Group did not make us of this facility. The agreement was scheduled to end August 31, 2024 but has in April 2024 been replaced 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.

The Group maintains uncommitted credit facilities from various lenders. The credit facilities can be cancelled at short notice. As of March 31, 2024 the Group did not make use of these credit facilities.

Current financial liabilities

CHF million			31.3.2024			31.3.2023
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Total	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Total
Bank debt	0.2		0.2	0.4		0.4
Bond	4.8		4.8	4.8		4.8
Deferred payments	0.3		0.3	1.1		1.1
Contingent considerations		12.2	12.2		13.8	13.8
Other current financial liabilities		1.3	1.3		2.1	2.1
Total	**5.3**	**13.4**	**18.8**	**6.3**	**15.9**	**22.2**
Unused borrowing facilities			370.5			365.7

Non-current financial liabilities

CHF million			31.3.2024			31.3.2023
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Total	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Total
Bonds / US Private Placement	1,510.5		1,510.5	1,512.7		1,512.7
Deferred payments	1.4		1.4	2.4		2.4
Contingent considerations		59.2	59.2		72.1	72.1
Other non-current financial liabilities	0.0	5.0	5.0	0.0	4.4	4.4
Total	**1,511.9**	**64.2**	**1,576.1**	**1,515.1**	**76.5**	**1,591.6**

Besides the bonds, financial liabilities mainly consist of contingent considerations (earn-out agreements) and deferred payments from acquisitions.

Other non-current financial liabilities mainly consist of amounts due in relation to the share appreciation rights (SARs) (refer to Note 7.4).

Analysis of non-current financial liabilities by currency

Analysis by currency CHF million				31.3.2024				31.3.2023
	Bonds / US Private Placement	Deferred payments and contingent considerations	Other non-current financial liabilities	Total	Bonds / US Private Placement	Deferred payments and contingent considerations	Other non-current financial liabilities	Total
CHF	1,347.4		3.9	1,351.3	1,347.4		4.0	1,351.4
USD	163.1	0.0		163.1	165.3	1.0		166.3
EUR		52.6		52.6		63.5		63.5
CNY		6.6		6.6		7.0		7.0
AUD		0.3		0.3		2.1		2.1
BRL		1.0		1.0		0.3		0.3
Other		0.1	1.1	1.1		0.6	0.4	1.0
Total	**1,510.5**	**60.6**	**5.0**	**1,576.1**	**1,512.7**	**74.5**	**4.4**	**1,591.6**

Reconciliation of liabilities arising from financing activities

Liabilities from financing activities CHF million						**2023/24**
	Bank debt	Bonds / US Private Placement	Deferred payments and contingent considerations	Lease liabilities	Other financial liabilities	Total
Balance April 1	**0.4**	**1,517.5**	**89.4**	**296.9**	**6.5**	**1,910.7**
Changes through business combinations			(8.5)	6.0		(2.5)
Additions to lease liabilities				52.5		52.5
Repayment of lease liabilities - principal portion				(75.1)		(75.1)
Repayment of lease liabilities - interest portion				(6.7)		(6.7)
Exchange differences		(2.4)	(2.6)	(1.2)		(6.2)
Other	(0.2)	0.2	(5.2)	6.7	(0.3)	1.3
Balance March 31	**0.2**	**1,515.3**	**73.1**	**279.1**	**6.3**	**1,873.9**
thereof short-term	0.2	4.8	12.5	74.3	1.3	93.1
thereof long-term		1,510.5	60.6	204.8	5.0	1,780.9

Liabilities from financing activities CHF million						**2022/23**
	Bank debt	Bonds / US Private Placement	Deferred payments and contingent considerations	Lease liabilities	Other financial liabilities	Total
Balance April 1	**0.4**	**1,199.6**	**121.6**	**284.3**	**12.5**	**1,618.4**
PPA finalization[1]			(1.3)			(1.3)
Changes through business combinations			(22.8)	13.5		(9.3)
Additions to lease liabilities				99.0		99.0
Proceeds from borrowings		649.2				649.2
Repayment of borrowings		(330.0)				(330.0)
Repayment of lease liabilities - principal portion				(75.9)		(75.9)
Repayment of lease liabilities - interest portion				(5.2)		(5.2)
Exchange differences		(1.7)	(3.8)	(24.0)		(29.5)
Other	0.0	0.4	(4.3)	5.2	(5.9)	(4.6)
Balance March 31	**0.4**	**1,517.5**	**89.4**	**296.9**	**6.5**	**1,910.7**
thereof short-term	0.4	4.8	14.9	73.4	2.1	95.6
thereof long-term		1,512.7	74.5	223.5	4.4	1,815.1

[1] Relates to finalization of purchase price allocation Sennheiser Consumer Division (refer to Note 6.1).

Accounting policies

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss (FVPL). A financial liability is classified as at FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the income statement. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the income statement.

Derivative financial instruments are initially recognized in the balance sheet at fair value and are remeasured as to their current fair value at the end of each subsequent reporting period.

Bonds are initially measured at fair value and direct transaction costs included. In subsequent accounting periods, they are remeasured at amortized costs applying the effective interest method.

Accounting policies for lease liabilities are included in *Note 3.4**.*

4.6 Movement in share capital

Issued registered shares	Issued registered shares	Treasury shares[1]	Outstanding shares
Balance April 1, 2022	63,172,157	(2,084,471)	61,087,686
Purchase of treasury shares		(180,000)	(180,000)
Sale/transfer of treasury shares		218,680	218,680
Cancellation of treasury shares[2]	(2,012,438)	2,012,438	
Purchase of treasury shares from share buyback		(1,532,910)	(1,532,910)
Balance March 31, 2023	**61,159,719**	**(1,566,263)**	**59,593,456**
Purchase of treasury shares		(200,000)	(200,000)
Sale/transfer of treasury shares		219,766	219,766
Cancellation of treasury shares[3]	(1,532,910)	1,532,910	
Balance March 31, 2024	**59,626,809**	**(13,587)**	**59,613,222**

Nominal value of share capital CHF million	Share Capital	Treasury shares[1]	Outstanding share capital
Balance March 31, 2024	**3.0**	**(0.0)**	**3.0**

Each share has a nominal value of CHF 0.05.

1) Treasury shares are purchased on the open market and are not entitled to dividends.

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

3) 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.

Share buyback program

On March 29, 2022, Sonova Holding AG announced that its Board of Directors approved a share buyback program of up to CHF 1.5 billion. The program started in April 2022 and is expected to run over a period of up to 36 months. During the financial year 2023/24 no shares were bought as as part of the the share buyback program. During financial year 2022/23, 1,532,910 treasury shares were bought under the share buyback program and were cancelled during the financial year 2023/24.

In the financial year 2023/24, no transaction costs related to the share buyback program were deducted from equity (prior year CHF 1.7 million).

Capital range

Sonova Holding AG has a capital range of 10% of the share capital from CHF 2,683,206.45 (lower limit) to CHF 3,279,474.45 (upper limit). The Board of Directors shall be authorized within the capital range to increase (by issuing up to 5,962,680 registered shares, each with a nominal value of CHF 0.05) or to reduce the share capital (by canceling up to 5,962,680 registered shares, each with a nominal value of CHF 0.05) once or several times in amounts or to acquire or dispose of shares directly or indirectly at any time until June 12, 2028 or until an earlier expiry of the capital range. The capital increase or decrease may also be effectuated by increasing or reducing the nominal value of the existing registered shares. In certain events, as defined in Art. 5 of the Articles of Association, the Board of Directors is authorized to exclude or restrict the subscription rights of existing shareholders and allocate such rights to third parties, the company, or any of its group companies.

The Board of Directors did not make use of this authorization in the 2023/24 financial year.

Conditional capital

At the Annual General Shareholders' Meeting on July 7, 2005, the conditional share capital of CHF 264,270 (5,285,400 shares) has been increased by CHF 165,056 (3,301,120 shares) to CHF 429,326 (8,586,520 shares). Consistent with the prior year, 5,322,133 shares remain unissued as of March 31, 2024. These shares are reserved for long-term incentive plans (2,021,013 shares) as well as for initiatives to increase the company's financial flexibility (3,301,120 shares).

Accounting policies

Ordinary shares are classified as equity. Dividends on ordinary shares are recorded in equity in the period in which they are approved by the parent companies' shareholders.

In case any of the Group companies purchase shares of the parent company, the consideration paid is recognized as treasury shares and presented as a deduction from equity. Any consideration received from the sale of own shares is recognized in equity.

4.7 Risk management

Group risk management

Risk management at Group level is an integral part of business practice and supports the strategic decision-making process. The assessment of risk is derived from both “top-down” and “bottom-up” and covers corporate, all business segments, and all consolidated Group companies. This approach allows for the Group to examine all types of risk exposures caused by internal and external impacts and events, from financial, operational processes, customer and products, management and staff. The risk exposures are managed by specific risk mitigating initiatives, frequent re-evaluations, communication, risk consolidation and prioritization.

The responsibility for the process of risk assessment and monitoring is allocated to the corporate risk function. The Management Board, in addition to Group companies and functional managers, supports the annual risk assessment and is responsible for the management of the risk mitigating initiatives. The risk mitigation progress is reviewed by the Audit Committee on a quarterly basis. The Board of Directors discusses and analyzes the Group’s risks at least once a year in the context of a strategy meeting.

Financial risk management

Due to Sonova Group’s worldwide activities, the Group is exposed to a variety of financial risks such as market risks, credit risks and liquidity risks. Financial risk management aims to limit these risks and seeks to minimize potential adverse effects on the Group’s financial performance. The Group uses selected financial instruments for this purpose. They are exclusively used as hedging instruments for cash in- and outflows and not for speculative positions. The Group does not apply hedge accounting.

The fundamentals of Sonova Group’s financial risk policy are periodically reviewed by the Audit Committee and carried out by the Group finance department. Group finance is responsible for implementing the policy and for ongoing financial risk management.

Market risk

Exchange rate risk

The Group operates globally and is exposed to foreign currency fluctuations, mainly with respect to the US dollar and the Euro. As the Group uses Swiss francs as presentation currency and holds investments in different functional currencies, net assets are exposed to foreign currency translation risk. Additionally, a foreign currency transaction risk exists in relation to future commercial transactions, which are denominated in a currency other than the functional currency.

To minimize foreign currency exchange risks, forward currency contracts are entered into. The Group hedges its net foreign currency exposure based on future expected cash in- and outflows. The hedges have a duration of between 1 and 6 months.

Positive replacement values from forward contract hedges are recorded as financial assets at fair value through profit or loss whereas negative replacement values are recorded as financial liabilities at fair value through profit or loss.

As of March 31, 2024, the Group engaged in forward currency contracts amounting to CHF 419.2 million (previous year CHF 422.9 million). The open contracts on March 31, 2024 as well as on March 31, 2023 were all due within one year.

Notional amount of forward contracts CHF million		31.3.2024		31.3.2023
	Total	Fair value	Total	Fair value
Positive replacement values	133.4	0.7	115.7	0.7
Negative replacement values	285.7	(1.3)	307.2	(2.1)
Total	**419.2**	**(0.6)**	**422.9**	**(1.4)**

Exchange rate risk CHF million	2023/24	2022/23	2023/24	2022/23
	Impact on income after taxes[1]		Impact on equity	
Change in USD/CHF +5%	(7.4)	(7.3)	7.4	7.6
Change in USD/CHF –5%	7.4	7.3	(7.4)	(7.6)
Change in EUR/CHF +5%	4.7	6.2	16.7	14.8
Change in EUR/CHF –5%	(4.7)	(6.2)	(16.7)	(14.8)

[1] Excluding the impact of forward currency contracts.

Interest rate risk

The Group has only limited exposure to interest rate changes. The most substantial interest exposure on assets relates to cash and cash equivalents with an average interest-bearing amount for the 2023/24 financial year of CHF 285.6 million (previous year CHF 317.1 million). If interest rates during the 2023/24 financial year had been 1% higher, the positive impact on income before taxes would have been CHF 1.8 million. If interest rates had been 1% lower, the income before taxes would have been negatively impacted by CHF 1.0 million. The Group's long-term financial liabilities are at fixed rate and thus not subject to interest rate risk.

Other market risks

Risk of price changes of raw materials or components used for production is limited. A change in those prices would not result in financial effects being above the Group's risk management tolerance level. Therefore, no sensitivity analysis has been conducted.

The Group aims to ensure cost effective sourcing, while at the same time managing the risk of supply shortages that could lead to a failure to deliver certain products at the quantities required. Wherever feasible, critical components are sourced from multiple suppliers in order to mitigate this risk.

The relationship with suppliers is governed by Sonova's Group Supplier Principles (SGSP). We regularly audit and visit suppliers and inspect their management capabilities through employee interviews and on-site inspections. Suppliers have to follow all applicable laws and regulations, ensure a healthy and safe working environment and are prohibited from using child labor.

Through its multiple manufacturing sites around the globe, the Group maintains effective options to rebalance its production capacity between different facilities and to shift production where necessary to avoid delivery shortages and to adapt to potential changes of the operating or general environment.

The unpredictable nature of geopolitical events such as international conflicts, trade disputes, political instability, and regulatory changes can have implications for our business operations, supply chain, and market dynamics, potentially leading to increased volatility in business results.

Credit risk

Financial assets, which could expose the Group to a potential concentration in credit risk, are principally cash and bank balances, receivables from customers and loans.

Core banking relations are maintained with at least “A-” rated (S & P) financial institutions. As of March 31, 2024, the largest balance with a single counterparty amounted to 26% (previous year 17%) of total cash and cash equivalents.

The Group performs frequent credit checks on its receivables. Due to customer diversity, there is no single credit limit for all customers, however, the Group assesses its customers based on their financial position, past experience, and other factors. Due to the fragmented customer base (no single customer balance is greater than 10% of total trade accounts receivable), the Group is not exposed to any significant concentration risk. The same applies to loans to third and related parties. As part of the normal process, management held the regular Expected Credit Loss (ECL) Committee meeting to review the expected credit loss rates on an annual basis in February 2024.

Impairment of financial assets

Impairment losses on financial assets are calculated based on the expected credit loss (ECL) model of IFRS 9. The Group’s loss allowances on financial assets other than trade receivables are not material.

Accounting policies

The Group applies the IFRS 9 simplified approach for measuring expected credit losses (ECLs) for trade receivables, which uses a lifetime expected loss allowance for trade receivables at each reporting date. To measure ECLs, trade receivables are grouped based on regions and the days past due. ECLs are calculated separately for state and non-state customers considering historical credit loss experience as well as forward-looking factors. Data sources in determining ECLs include actual historical losses, credit default swaps, country specific risk ratings, development of the customer structure and change in market performance and trends.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

CHF million				31.3.2024				31.3.2023
State customers	**Expected loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**	**Expected loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
Not overdue	0.4%	97.9	(0.4)	97.5	0.3%	106.4	(0.3)	106.2
Overdue 1-90 days	1.1%	11.0	(0.1)	10.8	1.2%	7.8	(0.1)	7.7
Overdue 91-180 days	5.2%	2.7	(0.1)	2.6	4.0%	2.7	(0.1)	2.6
Overdue 181-360 days	40.4%	2.2	(0.9)	1.3	24.2%	1.6	(0.4)	1.2
Overdue more than 360 days	98.5%	1.2	(1.2)	0.0	98.6%	2.9	(2.9)	0.0
Total	**2.3%**	**115.0**	**(2.7)**	**112.3**	**3.1%**	**121.4**	**(3.8)**	**117.7**

CHF million				31.3.2024				31.3.2023
Non-state customers	**Expected loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**	**Expected loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
Not overdue	0.8%	352.4	(2.9)	349.5	1.0%	342.1	(3.5)	338.5
Overdue 1-90 days	4.9%	59.8	(2.9)	56.8	7.9%	56.6	(4.5)	52.1
Overdue 91-180 days	24.5%	15.7	(3.8)	11.9	20.4%	11.2	(2.3)	8.9
Overdue 181-360 days	43.6%	11.6	(5.1)	6.6	36.3%	11.6	(4.2)	7.4
Overdue more than 360 days	87.2%	9.2	(8.0)	1.2	99.6%	13.3	(13.3)	0.1
Total	**5.1%**	**448.7**	**(22.7)**	**425.9**	**6.4%**	**434.8**	**(27.8)**	**407.0**

The closing loss allowance for trade receivables as at March 31, 2023 reconciles to the closing loss allowance as at March 31, 2024 as follows:

CHF million	31.3.2024	31.3.2023
Loss allowance for doubtful receivables, April 1	**(31.5)**	**(31.3)**
Utilization	3.5	1.7
Reversal	3.6	2.5
Additions	(1.8)	(5.3)
Exchange differences	0.7	0.9
Loss allowance for doubtful receivables, March 31	**(25.4)**	**(31.5)**

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables and subsequent recoveries are included in general and administration costs.

Liquidity risk

Group finance is responsible for centrally managing the net cash/debt position and to ensure that the Group's obligations can be settled on time. The Group aims to grow further and wants to remain flexible in making time-sensitive investment decisions. This overall objective is included in the asset allocation strategy. A rolling forecast based on the expected cash flows is conducted and updated regularly to monitor and control liquidity.

Visibility over the majority of bank accounts is provided by central treasury organization. Cash pools are automated and daily SWIFT balance tracking is applied where feasible.

The following table summarizes the Group's financial liabilities as of March 31, 2024 and 2023 based on contractual undiscounted payments. Bonds include the notional amount as well as interest payments.

CHF million				**31.3.2024**
	Due less than 1 year	Due 1 year to 5 years	Due more than 5 years	Total
Bank debt	0.2			0.2
Trade payables	202.4			202.4
Lease liabilities	73.5	147.3	58.3	279.1
Bonds/US Private Placement	17.8	916.1	668.9	1,602.8
Deferred payments	0.3	1.4		1.7
Contingent considerations	13.5	38.0	50.0	101.6
Other financial liabilities	1.3	5.0		6.3
Total financial liabilities	**308.9**	**1,107.8**	**777.3**	**2,194.0**

CHF million				**31.3.2023**
	Due less than 1 year	Due 1 year to 5 years	Due more than 5 years	Total
Bank debt	0.4			0.4
Trade payables	192.9			192.9
Lease liabilities	73.4	138.2	85.3	296.9
Bonds/US Private Placement	17.8	420.8	1,179.8	1,618.4
Deferred payments	1.1	2.4		3.5
Contingent considerations	13.8	41.8	63.1	118.7
Other financial liabilities	2.1	4.4		6.5
Total financial liabilities	**301.5**	**607.6**	**1,328.2**	**2,237.3**

Capital management

It is the Group's policy to maintain a strong equity base and to secure a continuous "investment grade" rating. The Group's strong balance sheet and earnings tracking provides for additional debt capacity.

The company aims to return excess cash to shareholders as far as not required for organic and acquisition related growth, and amortization of debt.

4.8 Financial instruments

This note discloses the categorization of financial instruments measured at fair value based on the fair value hierarchy.

Accounting policies
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.

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						31.3.2024
	Notes	Carrying amount	Fair value[1)]	Level 1	Level 2	Level 3
Financial assets at amortized cost						
Cash and cash equivalents	**4.1**	513.6				
Other financial assets	**4.4**	66.5				
Trade receivables	**3.1**	538.3				
Total		**1,118.4**				
Financial assets at fair value through profit or loss						
Other financial assets	**4.4**	4.7	4.7	2.2		2.5
Total		**4.7**	**4.7**	**2.2**		**2.5**
Financial liabilities at amortized cost						
Bank debt	**4.5**	0.2				
Bonds/US Private Placement	**4.5**	1,515.3	1,490.9	1,328.5	162.3	
Deferred payments	**4.5**	1.7				
Other financial liabilities	**4.5**	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	**4.5**	71.4	71.4			71.4
Negative replacement value of forward foreign exchange contracts	**4.7**	1.3	1.3			1.3
Other financial liabilities	**4.5**	5.0	5.0			5.0
Total		**77.6**	**77.6**			**77.6**

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						31.3.2023
	Notes	Carrying amount	Fair value[1]	Level 1	Level 2	Level 3
Financial assets at amortized cost						
Cash and cash equivalents	**4.1**	413.9				
Other financial assets	**4.4**	54.2				
Trade receivables	**3.1**	524.7				
Total		**992.8**				
Financial assets at fair value through profit or loss						
Other financial assets	**4.4**	3.7	3.7	1.0		2.6
Total		**3.7**	**3.7**	**1.0**		**2.6**
Financial liabilities at amortized cost						
Bank debt	**4.5**	0.4				
Bonds/US Private Placement	**4.5**	1,517.5	1,418.3	1,253.7	164.6	
Deferred payments	**4.5**	3.5				
Other financial liabilities	**4.5**	0.0				
Trade payables		192.9				
Total		**1,714.3**	**1,418.3**	**1,253.7**	**164.6**	
Financial liabilities at fair value through profit or loss						
Contingent considerations	**4.5**	85.9	85.9			85.9
Negative replacement value of forward foreign exchange contracts	**4.7**	2.1	2.1			2.1
Other financial liabilities	**4.5**	6.5	6.5			6.5
Total		**94.5**	**94.5**			**94.5**

[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 the changes in level 3 financial instruments for the year ended March 31, 2024 and 2023:

Financial assets at fair value through profit or loss CHF million	**2023/24**	**2022/23**
	Total	Total
Balance April 1	2.6	3.3
(Disposals) / additions, net	(0.8)	(0.6)
Gain recognized in profit or loss	0.7	0.0
Balance March 31	**2.5**	**2.6**

Financial liabilities at fair value through profit or loss CHF million			**2023/24**			**2022/23**
	Contingent considerations	Other financial liabilities	Total	Contingent considerations	Other financial liabilities	Total
Balance April 1	(85.9)	(8.6)	(94.5)	(95.3)	(12.4)	(107.7)
PPA finalization[1)]				1.3		1.3
Changes through business combinations	(6.0)		(6.0)	(13.3)		(13.3)
Cash outflow for contingent considerations	13.1		13.1	12.6		12.6
(Additions) / disposals, net		1.8	1.8		(1.2)	(1.2)
Gains recognized in profit or loss	4.9	0.6	5.5	5.3	5.0	10.3
Exchange differences	2.5		2.5	3.4		3.4
Balance March 31	**(71.4)**	**(6.2)**	**(77.6)**	**(85.9)**	**(8.6)**	**(94.5)**

1) Relates to finalization of purchase price allocation Sennheiser Consumer Division (refer to Note 6.1)

Financial liabilities at fair value through profit or loss mainly consist of contingent consideration arrangements arising from business combinations (refer to Note 6.1). 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 March 31, 2024 and 2023, the maximum potential payments under contingent considerations do not differ significantly from the amounts provided.

Contingent considerations mainly relate to a license agreement for the Sennheiser brand for which a liability was recognized for the expected future licensing payments. The amount of the liability is determined based on a discounted cash flow calculation over a remaining licensing period of 13 years considering five possible payment scenarios. Significant unobservable inputs used in the fair value measurement include the probability of each scenario, projected revenues, the brand licensing fee and the discount rate.

As of March 31, 2024 the fair value of the license liability amounts to CHF 53.7 million (prior year CHF 64.2 million). The valuation model remained unchanged to the prior year. 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 3.3% was used. The gain on the fair value change of the financial liability of CHF 4.4 million (prior year CHF 5.9 million) is considered in the income statement in line "Financial income". The Group performed a sensitivity analysis, which shows that a decrease in the discount rate of 1% would increase the license liability as of March 31, 2024 by CHF 2.5 million and negatively impact income before taxes by CHF 2.5 million.

Accounting judgements and estimates

Contingent considerations are dependent on the future performance of the acquired companies as well as contractual obligations. If the future performance is not achieved or the estimate needs to be revised, the liability is adjusted accordingly, with a resulting change in the income statement. At the end of the 2023/24 financial year, such liabilities contingent on future events amount to CHF 71.4 million (previous year CHF 85.9 million) and are disclosed under Financial liabilities at fair value through profit or loss (Note 4.5).

4.9 Exchange rates

The following main exchange rates were used for currency translation:

	31.3.2024	31.3.2023	2023/24	2022/23
	Year-end rates		Average rates for the year	
AUD 1	0.59	0.61	0.58	0.65
BRL 1	0.18	0.18	0.18	0.19
CAD 1	0.67	0.68	0.66	0.72
CNY 1	0.13	0.13	0.12	0.14
EUR 1	0.97	1.00	0.96	0.99
GBP 1	1.14	1.13	1.11	1.15
JPY 100	0.60	0.69	0.61	0.71
USD 1	0.90	0.91	0.89	0.96

Accounting policies

The consolidated financial statements are expressed in Swiss francs ("CHF"), which is the Group's presentation currency. The functional currency of each Group company is based on the local economic environment to which an entity is exposed, which is normally the local currency.

Transactions in foreign currencies are accounted for at the rates prevailing on the dates of the transactions. The resulting exchange differences are recorded in the local income statements of the Group companies and included in net income.

Monetary assets and liabilities of Group companies, which are denominated in foreign currencies are translated using year-end exchange rates. Exchange differences are recorded as an income or expense. Non-monetary assets and liabilities are translated at historical exchange rates. Exchange differences arising on intercompany loans that are considered part of the net investment in a foreign entity are recorded in other comprehensive income in equity.

When translating foreign currency financial statements into Swiss francs, year-end exchange rates are applied to assets and liabilities, while average annual rates are applied to income statement accounts. Translation differences arising from this process are recorded in other comprehensive income in equity. On disposal of a Group company, the related cumulative translation adjustment is transferred from equity to the income statement.

5. Taxes

5.1 Taxes

CHF million	2023/24	2022/23
Current taxes	120.1	85.9
Deferred taxes	(82.3)	(28.5)
Total income taxes	**37.8**	**57.4**
Reconciliation of tax expense		
Income before taxes	647.3	715.6
Group's expected average tax rate	17.2%	19.7%
Tax at expected average rate	**111.1**	**141.1**
+/- Effects of		
Non-taxable income/non-tax-deductible expenses	1.5	0.9
Changes of unrecognized loss carryforwards/deferred tax assets	(10.6)	(19.8)
Local actual tax rate different to Group's expected average tax rate	(59.3)	(48.7)
Change in tax rates on deferred tax balances	0.0	0.1
Related to tax-deductible goodwill in Switzerland[1)]	(39.1)	(9.2)
Prior year adjustments and other items, net[2)]	34.1	(7.1)
Total income taxes	**37.8**	**57.4**
Weighted average effective tax rate	5.8%	8.0%

1) Considering impact from annual assessment.
2) Other items include changes in uncertain tax positions.

The Group's expected average tax rate is the rate obtained by applying the expected tax rate for each jurisdiction to its respective result before taxes, adjusted for significant one-time effects. The expected tax rate might vary on a year-over-year basis depending on changes in tax regulations and where the results are achieved.

Deferred tax assets and (liabilities) CHF million			31.3.2024			31.3.2023
	Assets	Liabilities	Net amount	Assets	Liabilities	Net amount
Inventories	50.5	(12.1)	38.4	30.4	(8.3)	22.1
Property, plant & equipment	2.8	(6.9)	(4.1)	3.4	(6.8)	(3.4)
Intangible assets		(141.7)	(141.7)		(140.4)	(140.4)
Right-of-use assets and lease liabilities	60.7	(60.2)	0.5	66.6	(66.0)	0.6
Other assets and liabilities[1]	294.9	(73.7)	221.2	262.5	(51.9)	210.7
Tax loss carryforwards	104.2		104.2	47.6		47.6
Total tax assets (liabilities)	**513.1**	**(294.7)**	**218.5**	**410.5**	**(273.4)**	**137.1**
Offset of assets and liabilities	(165.3)	165.3		(159.6)	159.6	
Amounts in the balance sheet						
Deferred tax assets	347.8		347.8	250.9		250.9
Deferred tax liabilities		(129.4)	(129.4)		(113.9)	(113.9)
Total deferred taxes, net			**218.5**			**137.1**

1) Deferred tax assets mainly relate to provisions and contract liabilities, deferred tax liabilities mainly relate to provisions, contract assets and trade and other receivables. Including deferred tax assets in the amount of CHF 177.1 million (2022/23: CHF 138.0 million) related to tax-deductible goodwill in Switzerland.

Movement of deferred tax assets and (liabilities) CHF million							2023/24
	Inventories	Property, plant & equipment	Intangible assets	Right-of-use assets and lease liabilities	Other assets and liabilities	Tax loss carryforwards	Total
Balance April 1	22.1	(3.4)	(140.4)	0.6	210.7	47.6	137.1
Changes through business combinations			(6.2)		1.5		(4.6)
Deferred taxes recognized in the income statement[1]	16.4	(1.1)	2.7	(0.1)	8.4	56.0	82.3
Deferred taxes recognized in OCI[2]					(2.3)		(2.3)
Exchange differences	(0.1)	0.4	2.1	0.0	2.9	0.7	6.0
Balance March 31	**38.4**	**(4.1)**	**(141.7)**	**0.5**	**221.2**	**104.2**	**218.5**

1) Deferred taxes recognized in the income statement include the impact related to tax-deductible goodwill in Switzerland.
2) Other comprehensive income.

Movement of deferred tax assets and (liabilities) CHF million							**2022/23**
	Inventories	Property, plant & equipment	Intangible assets	Right-of-use assets and lease liabilities	Other assets and liabilities	Tax loss carryforwards	Total
Balance April 1	16.6	(5.4)	(148.0)	1.0	204.9	35.1	104.1
PPA finalization[1]			9.3		1.6		10.8
Changes through business combinations			(12.4)		1.4		(11.1)
Deferred taxes recognized in the income statement[2]	6.0	2.5	3.9	(0.4)	5.8	10.6	28.5
Deferred taxes recognized in OCI[3]					6.5		6.5
Exchange differences	(0.4)	(0.6)	6.9	(0.0)	(9.5)	1.9	(1.8)
Balance March 31	**22.1**	**(3.4)**	**(140.4)**	**0.6**	**210.7**	**47.6**	**137.1**

1) Relates to finalization of purchase price allocation Sennheiser Consumer Division (refer to Note 6.1).
2) Deferred taxes recognized in the income statement include the impact related to tax-deductible goodwill in Switzerland.
3) Other comprehensive income.

Deferred tax assets have been capitalized based on the projected future performance of the Group companies.

The gross values of unused tax loss carryforwards, which have not been capitalized as deferred tax assets, with their expiry dates are as follows:

CHF million	**31.3.2024**	**31.3.2023**
Within 1 year	13.4	10.6
Within 2-5 years	0.7	46.2
More than 5 years or without expiration	382.7	421.1
Total	**396.8**	**478.0**

Tax loss carryforwards, which have not been capitalized also include tax losses from acquired entities with limitation of use and losses that do not qualify for capitalization. The inherent uncertainty regarding the level and use of the tax losses and changes in tax regulations and laws can impact the annual assessment of these unused tax loss carryforwards.

Pillar Two income taxes

In October 2021, more than 135 jurisdictions agreed to adopt Global Anti-Base Erosion Rules (GloBE – Pillar Two) as part of the OECD's BEPS 2.0 initiatives. These rules aim to ensure that large multinational enterprises pay at least 15% income tax in each jurisdiction where they operate. In December 2021, the OECD released the GloBE Model Rules, which establish a coordinated system for implementing this 15% tax on a globally standardized tax base. This system also includes provisions for levying additional tax (top-up tax) if necessary to meet the 15% threshold. In December 2023, Switzerland passed the Minimum Tax Ordinance, enforcing OECD Qualified Domestic Minimum Top-up Tax (QDMTT) rules for Sonova's Swiss entities starting from the financial year commencing April 1, 2024. Additionally, other jurisdictions where Sonova operates have also introduced Pillar Two legislation, which will affect Sonova group companies starting from the financial year beginning April 1, 2024.

At this point, it is not possible to measure the potential impact of Pillar Two on the Group's finances due to uncertainties in the evolving technical landscape. However, based on our current assessment, we anticipate that the Group's reported effective tax rate will increase starting from the 2024/25 financial year.

The Pillar Two rules provide transitional measures, including safe harbor provisions, for Sonova from April 1, 2024 to March 31, 2027. Sonova has conducted an initial evaluation of these transitional safe harbor rules using its country-by-country reporting from the past three years and the financial statements of its group entities. Based on this evaluation, it anticipates that most of the jurisdictions where Sonova operates will qualify for at least one safe harbor measure during the transitional period. The Group does not foresee significant exposure to Pillar Two income taxes in jurisdictions where the transitional safe harbor relief does not apply.

Sonova has used the mandatory exception to not disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Accounting policies

Income taxes include current and deferred income taxes. The Group is subject to income taxes in numerous jurisdictions and significant judgment is required in determining the worldwide provision for income taxes. The multitude of transactions and calculations implies the use of certain estimates and assumptions. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and outcome is uncertain. Management establishes provisions, where appropriate, on the basis of amounts expected to be at risk to be paid to the tax authorities.

Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Deferred tax is recorded on the valuation differences (temporary differences) between the tax bases of assets and liabilities and their carrying values in the consolidated balance sheet. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences and tax losses can be offset. Deferred income tax liabilities are provided for non-taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Accounting judgements and estimates

The consolidated balance sheet includes deferred tax assets of CHF 170.7 million (previous year CHF 112.9 million) related to deductible differences and, in certain cases, tax loss carry forwards, provided that their utilization is considered probable. The recoverable value is based on forecasts of the corresponding taxable Group company over a period of several years. As actual results may differ from these forecasts, the deferred tax assets may need to be adjusted accordingly.

Deferred tax assets further include CHF 177.1 million (previous year: CHF 138.0 million) related to the Swiss tax reform introduced by the Swiss Federal Act on Tax Reform and AHV Financing (TRAF). The calculation of the deferred tax assets required management to make significant estimates and assumptions. Some of these estimates are based on interpretations of existing tax laws or regulations. Whenever circumstances have changed or there is new information that affects these judgements, the estimates will be reassessed.

6. Changes in Group structure

6.1 Acquisitions/disposals of subsidiaries

Acquisitions financial year 2023/24

During the financial year 2023/24 several small businesses were acquired in EMEA, USA, Americas 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.

Acquisitions financial year 2022/23

On December 5, 2022, Sonova Holding AG completed the acquisition of 100% of Hubei Hysound Health Technology Corp. Ltd, Wuhan (China) and Shanghai Chengting Technology Corp. Ltd, Shanghai (China) (HYSOUND Group). The HYSOUND Group is one of the leading nationwide chains of audiological care clinics in China with around 200 clinics in over 20 provinces and more than 70 cities across China.

In addition to the acquisition above, during the financial year 2022/23 several small businesses were acquired in EMEA, USA, Americas and Asia/Pacific.

Assets and liabilities resulting from the acquisitions are as follows:

CHF million	2023/24	2022/23
	Total	Total
Cash and cash equivalents	5.5	10.1
Trade receivables	3.8	2.8
Inventories	1.1	3.9
Other current operating assets	0.1	4.0
Total current assets	**10.4**	**20.8**
Property, plant and equipment	3.0	2.9
Right-of-use assets	6.0	13.5
Intangible assets	31.5	50.5
Other non-current assets	0.1	0.0
Deferred tax assets	1.5	1.4
Total non-current assets	**42.1**	**68.3**
Current financial liabilities	(0.4)	(1.2)
Current lease liabilities	(1.6)	(3.4)
Trade payables	(2.1)	(4.2)
Short-term contract liabilities	(0.9)	
Other short-term operating liabilities	(10.3)	(11.2)
Short-term provisions	(1.5)	(1.2)
Total current liabilities	**(16.7)**	**(21.2)**
Non-current financial liabilities	(0.2)	0.0
Non-current lease liabilities	(4.4)	(10.1)
Long-term provisions	(0.1)	(0.1)
Other long-term operating liabilities	(0.1)	
Deferred tax liabilities	(6.2)	(12.4)
Total non-current liabilities	**(10.9)**	**(22.6)**
Net assets	**24.8**	**45.3**
Goodwill	73.8	198.5
Purchase consideration	**98.6**	**243.8**
Liabilities for contingent considerations and deferred payments[1)]	(7.5)	(13.7)
Cash and cash equivalents acquired	(5.5)	(10.1)
Cash outflow for contingent considerations and deferred payments	16.1	35.2
Cash consideration for acquisitions, net of cash acquired	**101.6**	**255.2**

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 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.

Liabilities for contingent considerations amount to CHF 5.9 million and deferred payments amount to CHF 1.6 million. Contingent considerations are dependent on the future performance of the acquired companies as well as contractual obligations and milestone achievements. Goodwill is attributed mainly to economies of scale and expected synergies such as favorable sales growth potential, increase in share of Sonova products within acquired distribution companies and cost reductions in administrative and corporate functions as well as to the labor force. Recognized goodwill is not expected to be deductible for income tax purposes.

Acquisition-related intangible assets in the amount of CHF 28.5 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 2.1 million (previous year CHF 8.3 million) were expensed and are included in the line "General and administration".

April 1 to March 31, CHF million	2023/24	2022/23
	Total	Total
Contribution of acquired companies from date of acquisition		
Sales	15.8	38.3
Net income	2.5	8.0
Contribution, if the acquisitions had occurred on April 1		
Sales	32.8	80.3
Net income	6.5	15.6

Finalization of purchase price allocation Sennheiser Consumer Division

During the financial year 2022/23, the purchase price allocation (PPA) of the acquisition of the Sennheiser Consumer Division was finalized, resulting in some fair value adjustments to the identifiable assets acquired and liabilities assumed. Adjustments compared to the provisional PPA relate to intangible assets and deferred tax liabilities and resulted in a decrease in the goodwill of CHF 14.9 million. As a result of adjusting mechanism in the share purchase agreement, the final purchase price increased by CHF 5.0 million and an additional cash consideration of CHF 5.9 million was made during the financial year 2022/23. Liabilities for contingent considerations include a liability in connection with a license agreement (for further information refer to Note 4.8).

Accounting policies

Business combinations are accounted for using the acquisition method of accounting. The cost of a business combination is equal to the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Sonova Group, in exchange for control over the acquired company. Any difference between the cost of the business combination and the net fair value of the identifiable assets, liabilities, and contingent liabilities recognized is treated as goodwill. Goodwill is not amortized, but is assessed for impairment annually, or more frequently if events or changes in circumstances indicate that its value might be impaired (Refer to Note 3.5). Acquisition-related costs are expensed. For each business combination, the Group recognizes the non-controlling interests in the acquiree at fair value or at the non-controlling interests proportionate share in the recognized amounts of the acquiree's identifiable net assets.

If a business combination is achieved in stages (control obtained over an associate), the previously held equity interest in an associate is remeasured to its acquisition date fair value and any resulting gain or loss is recognized in "financial income/expenses" in profit or loss.

Accounting judgements and estimates

In the course of recognizing assets and liabilities from business combinations, management judgments might be required for the following areas:

- *Acquisition-related intangibles resulting from technology, customer relationships, client lists, or brand names.*
- *Contingent consideration arrangements (refer to Note 4.8)*

6.2 Investments in associates/joint ventures

The Group's share in the results as well as in assets and liabilities of associates/joint ventures, all unlisted enterprises, is as follows:

CHF million	2023/24	2022/23
Current assets	4.6	4.6
Non-current assets	3.8	4.4
Total assets	**8.4**	**9.0**
Current liabilities	(1.8)	(2.1)
Non-current liabilities	(1.4)	(1.3)
Total liabilities	**(3.2)**	**(3.4)**
Net assets	**5.2**	**5.6**
Income for the year	10.5	9.2
Expenses for the year	(6.1)	(5.3)
Profit for the year	**4.4**	**3.9**
Net book value at year-end	19.2	18.7
Share of profit / (loss) recognized by the Group	4.4	3.9

In the financial years 2023/24 and 2022/23, no associates were acquired/divested.

Sales to associates in the 2023/24 financial year amounted to CHF 11.4 million (previous year CHF 12.2 million). At March 31, 2024, trade receivables towards associates amounted to CHF 2.3 million (previous year CHF 2.8 million).

At the end of the 2023/24 and 2022/23 financial years, no unrecognized losses existed.

Investments with a net book value of CHF 19.2 million (previous year CHF 18.7 million) have a business year different than the Sonova Group. The latest available information for the respective companies are as per December 2023.

Accounting policies

Investments in associates and joint ventures are accounted for using the equity method of accounting. Investments in associates are entities in which Sonova has a significant influence but no control (usually 20% – 50% of voting rights). Joint ventures are joint arrangements whereby two or more parties have rights to the net assets of the arrangement.

Under the equity method, the investment in an associate/joint venture is recognized initially at cost (including goodwill on acquisition) and the carrying amount is increased or decreased to recognize Sonova's share of profit or loss of the associate/joint venture after the acquisition date. When the Group's share of losses in an associate/joint venture equals or exceeds its interest in the associate/joint venture, no further losses are recognized, unless there is a legal or constructive obligation. In order to apply the equity method the most recent available financial statements of an associate/joint venture are used, however, due to practicability reasons the reporting dates might vary up to three months from the Group's reporting date.

7. Other disclosures

7.1 Number of employees

On March 31, 2024, the Sonova Group employed the full time equivalent (FTE) of 18,151 people (previous year 17,608). They were engaged in the following regions and activities:

By region	31.3.2024	31.3.2023
Switzerland	1,469	1,482
EMEA (excl. Switzerland)	7,514	7,311
Americas	4,945	4,409
Asia/Pacific	4,223	4,406
Total	**18,151**	**17,608**
By activity		
Research and development	1,208	1,211
Operations	4,578	4,397
Sales and marketing, general and administration	12,365	12,000
Total	**18,151**	**17,608**

The average number of employees (full time equivalents) of the Sonova Group for the year was 17,700 (previous year 17,191). Total personnel expenses for the 2023/24 financial year amounted to CHF 1,279.9 million (previous year CHF 1,255.4 million).

7.2 Transactions and relations with members of the Management Board and the Board of Directors

CHF million	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	Management Board		Board of Directors		Total	
Short-term employee benefits	6.9	6.2	1.9	2.1	8.8	8.3
Post-employment benefits	0.7	0.7			0.7	0.7
Share based payments	5.6	5.3	1.6	1.8	7.2	7.1
Total	**13.1**	**12.1**	**3.6**	**3.9**	**16.7**	**16.1**

The total compensation to the Management Board for the 2023/24 reporting period, as shown above, relates to eight active members and one former member (2022/23: eight active members).

The total compensation to the Board of Directors for the 2023/24 reporting period, as shown above, relates to nine active members and one former member (2022/23: 10 active members).

Transactions between the Group and the various post-employment benefit plans for the employees of the Group are described in Note 7.3.

Further information in accordance with Swiss law relating to remuneration and ownership of shares and options of the Board of Directors and the Management Board can be found in the Note 3.6 of the financial statements of Sonova Holding AG.

7.3 Employee benefits

Defined benefit plans

Sonova Group's retirement plans include defined benefit pension plans in Switzerland, Austria, Belgium, Canada, France, Germany and Israel. These plans are both funded and unfunded and governed by local regulations using independent actuarial valuations according to IAS 19. Sonova Group's major defined benefit plan is located in Switzerland, which in total accounts for CHF 530.4 million or 96.4% (previous year CHF 438.6 million or 98.6%) of Sonova's defined benefit obligation.

Pension plans in Switzerland

The current pension arrangement for employees in Switzerland is made through a plan governed by the Swiss Federal Occupational Old Age, Survivors and Disability Pension Act (BVG). The plan of Sonova's Swiss companies is administered by a separate legal foundation, which is funded by regular employer and employee contributions as defined in the pension fund rules. The Swiss pension plan contains a cash balance benefit which is, in essence, contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plan is treated as a defined benefit plan for the purposes of these IFRS financial statements, although it has many of the characteristics of a defined contribution plan. The plan is invested in a diversified range of assets in accordance with the investment strategy and the common criteria of asset and liability management. A potential under-funding may be remedied by various measures such as increasing employer and employee contributions or reducing prospective benefits. Above a set insured salary, the savings capital will be split into pension-accumulating and capital-accumulating savings capital. The pension-accumulating savings capital will generate a life-long retirement pension upon retirement. The insured person may request a lump sum settlement in lieu of the retirement pension or a part thereof. The capital-accumulating savings capital will generate a one-off capital payment upon retirement. An annuity rate of 5.4% to the individual accumulated retirement savings capital was applied for the financial years 2023/24 and 2022/23.

As of March 31, 2024, 1,495 employees (previous year 1,514 employees) and 178 beneficiaries (previous year 165 beneficiaries) are insured under the Swiss plan. The defined benefit obligation has a duration of 15.6 years (previous year 14.3 years).

The results of all defined benefit plans are summarized below:

Amounts recognized in the balance sheet CHF million	31.3.2024	31.3.2023
Present value of funded obligations	(537.1)	(444.9)
Fair value of plan assets	553.4	512.3
Net present value of funded plans	**16.3**	**67.4**
Present value of unfunded obligations	(13.5)	(12.5)
Total assets (liabilities), net	**2.9**	**54.9**
Asset ceiling		(67.8)
Assets (liabilities) in the balance sheet, net	**2.9**	**(12.8)**
Amounts in the balance sheet:		
Retirement benefit obligation	(13.9)	(12.8)
Retirement benefit asset	16.8	
Assets (liabilities) in the balance sheet, net	**2.9**	**(12.8)**

Remeasurements recognized in equity CHF million	2023/24	2022/23
Balance April 1	2.5	(34.4)
Actuarial losses/(gains) from		
- changes in demographic assumptions	(0.5)	(0.0)
- changes in financial assumptions	67.0	(63.6)
- changes in experience adjustments	17.5	2.3
Return on plan assets excluding interest income	(28.0)	30.4
Change in asset ceiling	(69.2)	67.8
Balance March 31	**(10.7)**	**2.5**

Amounts recognized in the income statement CHF million	2023/24	2022/23
Current service cost[1]	15.3	18.4
Net interest cost	(1.0)	(0.3)
Interest expense on effect of asset ceiling	1.4	
Total employee benefit expenses[2]	**15.7**	**18.0**

[1] Excluding Participants' contributions.
[2] The amount recognized in the consolidated income statement 2023/24 has been charged to:
– cost of sales CHF 2.0 million (previous year CHF 2.5 million);
– research and development CHF 6.1 million (previous year 7.4 million);
– sales and marketing CHF 3.0 million (previous year 3.9 million);
– general and administration CHF 4.2 million (previous year CHF 4.6 million);
– financial income CHF 0.4 million (previous year financial expenses CHF -0.3 million).

Movement in the present value of the defined benefit obligations CHF million	2023/24	2022/23
Beginning of the year	457.4	492.2
Interest cost	9.8	6.0
Current service cost	15.3	18.4
Participants' contributions	15.6	15.1
Benefits paid, net	(31.9)	(12.3)
Actuarial losses/(gains) on obligations	84.1	(61.3)
Exchange differences	0.2	(0.7)
Present value of obligations at end of period	**550.5**	**457.4**

Movement in the fair value of the plan assets CHF million	2023/24	2022/23
Beginning of the year	512.3	516.2
Interest income on plan asset	10.7	6.2
Employer's contributions paid	17.9	17.3
Participants' contributions	15.6	15.1
Benefits paid, net	(31.2)	(11.8)
Return on plan assets excluding interest income	28.0	(30.4)
Exchange differences	0.0	(0.2)
Fair value of plan assets at end of period	**553.4**	**512.3**

The plan assets consist of:	31.3.2024	31.3.2023
Cash	1.7%	1.7%
Domestic bonds	19.3%	19.0%
Foreign bonds	7.8%	7.8%
Domestic equities	10.3%	11.0%
Foreign equities	30.7%	29.1%
Real estates	13.9%	15.1%
Alternative investments	16.2%	16.3%

All of the plan assets have quoted market prices. The actual return on plan assets amounted to CHF 38.7 million (previous year CHF –24.3 million). The expected employer’s contributions for the Swiss retirement benefit plan to be paid in the 2024/25 financial year amount to CHF 17.9 million.

Principal actuarial assumptions Swiss retirement benefit plan (weighted average)	2023/24	2022/23
Discount rate	1.30%	2.10%
Future salary increases	2.00%	1.00%
Future pension increases	0%	0%
Fluctuation rate	BVG 2020	BVG 2020
Demography	BVG 2020GT	BVG 2020GT

The following sensitivity analysis shows how the present value of the benefit obligation for the Swiss retirement benefit plan would change if one of the principal actuarial assumptions was changed. For the analysis, changes in the assumptions were considered separately and no interdependencies were taken into account.

Sensitivity analysis - impact on defined benefit obligation CHF million	**31.3.2024**	**31.3.2023**
Discount rate		
Discount rate +0.25%	(18.9)	(14.1)
Discount rate –0.25%	21.5	16.0
Salary growth		
Salary growth +0.25%	1.2	0.8
Salary growth –0.25%	(1.2)	(0.7)
Pension growth		
Pension growth +0.5%	20.5	15.4
Fluctuation rate		
Fluctuation rate +5%	(18.2)	(1.8)
Fluctuation rate –5%	26.6	3.2

Defined contribution plans

Several of the Group's entities have a defined contribution plan. The employer's contributions amounted to CHF 27.1 million in the year ended March 31, 2024 (previous year CHF 26.4 million) and are recognized directly in the income statement.

Accounting policies

Most employees are covered by post-employment plans sponsored by corresponding Group companies in the Sonova Group. Such plans are mainly defined contribution plans (future benefits are determined by reference to the amount of contributions paid) and are generally administered by autonomous pension funds or independent insurance companies. These pension plans are financed through employer and employee contributions. The Group's contributions to defined contribution plans are charged to the income statement in the year to which they relate.

The Group also has several defined benefit pension plans, both funded and unfunded. Accounting and reporting of these plans are based on annual actuarial valuations. Defined benefit obligations and service costs are assessed using the projected unit credit method, with the cost of providing pensions charged to the income statement so as to spread the regular cost over the service lives of employees participating in these plans. The pension obligation is measured as the present value of the estimated future outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability. Service costs from defined benefit plans are charged to the appropriate income statement heading within the operating results.

A single net interest component is calculated by applying the discount rate to the net defined benefit asset or liability. The net interest component is recognized in the income statement in the financial result.

Actuarial gains and losses, resulting from changes in actuarial assumptions and differences between assumptions and actual experiences, are recognized in the period in which they occur in "Other comprehensive income" in equity.

Accounting judgements and estimates

The Sonova Group has various employee benefit plans. Most of its salaried employees are covered by these plans, of which some are defined benefit plans. The present value of the defined benefit obligations at the end of the 2023/24 financial year amounts to CHF 550.5 million (previous year CHF 457.4 million). This includes CHF 530.4 million (previous year CHF 438.6 million) from the Swiss pension plan. With such plans, actuarial assumptions are made for the purpose of estimating future developments, including estimates and assumptions relating to discount rates, and future wage as well as pension trends. Actuaries also use statistical data such as mortality tables and staff turnover rates with a view to determining employee benefit obligations. If these factors change due to a change in economic or market conditions, the subsequent results could deviate considerably from the actuarial reports and calculations. In the medium term, such deviations could have an impact on the equity.

7.4 Equity plans

Equity plans are offered annually to the members of the Board of Directors (BoD), to the members of the Management Board (MB) as well as to other management and senior employees of the Group, entitling them to receive long-term incentives in the form of equity plans free of charge. Equity plans are settled either with Sonova Holding AG shares (equity-settled share-based payment) or for certain US employees with an equivalent amount in cash (cash-settled share-based payment). The amount granted varies depending on the degree of management responsibility held.

In the 2023/24 and 2022/23 financial years, as part of the Executive Equity Award Plan (EEAP) Sonova granted restricted shares, restricted share units (RSUs), performance share units (PSUs), options, and for US employees, share appreciation rights (SARs). Options as well as PSUs granted to the Management Board in 2023/24 and 2022/23 include a performance criterion.

The following share-based payment costs have been recognized in the financial years

CHF million	2023/24	2022/23
Equity-settled share-based payment costs	22.6	21.5
Cash-settled share-based payment costs	0.2	(0.4)
Total share-based payment costs	**22.8**	**21.0**

The following table shows the outstanding options and/or SARs, granted as part of the EEAP 2018 to 2024. All of the equity instruments listed below (except for the non-recurring performance options granted to the COO (now CEO) in 2017/18) vest in 4 equal tranches, annually over a period of 4 years.

Summary of outstanding options and SARs granted until March 31, 2024:

Financial year granted	Instruments granted	First vesting date / expiry date	Granted	Exercise price (CHF)	Outstand-ing	Average remaining life (years)	Exercisable
2017/18	Options/SARs[1)]	1.4.2023 30.9.2027	47,415	147.85	46,528	3.5	46,528
2017/18	Options[2)]	1.6.2019 31.1.2028	341,943	147.85	126,103	3.8	126,103
2018/19	Options/SARs[3)]	1.6.2020 31.1.2029	249,760	182.40	123,240	4.8	123,240
2019/20	Options/SARs[4)]	1.6.2021 31.1.2030	208,245	241.80	138,929	5.8	102,424
2020/21	Options/SARs[5)]	1.6.2022 31.1.2031	170,694	218.70	126,313	6.8	60,250
2021/22	Options/SARs[6)]	1.6.2023 31.1.2032	112,656	333.60	94,499	7.8	21,567
2022/23	Options/SARs[7)]	1.6.2024 31.1.2033	138,302	233.40	129,800	8.8	
2023/24	Options/SARs[8)]	1.6.2025 31.1.2034	118,673	279.10	118,673	9.8	
Total			**1,387,688**		**904,085**[9)]	**6.6**	**480,112**[10)]
Thereof:							
Equity-settled			1,240,215		827,185		443,419
Cash-settled			147,473		76,900		36,693

1) Non-recurring performance options, granted to the COO (now CEO). Terms have been amended in the financial year 2020/21 - for further details refer to section "Options" in this note.
2) Including 150,114 performance options, granted to the CEO and MB members.
3) Including 80,850 performance options, granted to the CEO and MB members.
4) Including 77,574 performance options/SAR, granted to the CEO and MB members.
5) Including 61,779 performance options/SAR, granted to the CEO and MB members.
6) Including 38,252 performance options/SAR, granted to the CEO and MB members.
7) Including 46,012 performance options/SAR, granted to the CEO and MB members.
8) Including 41,799 performance options/SAR, granted to the CEO and MB members.
9) Weighted average exercise price of outstanding options/SARs amounts to CHF 225.82.
10) Weighted average exercise price for exercisable options/SARs amounts to CHF 194.00.

The fair value of options and/or SARs is calculated at the grant date by using an "Enhanced American Pricing Model". The expected volatility is based on historical measures. The main valuation assumptions used for the options and/or SARs granted in the current and in the previous financial year are as follows:

Assumptions for valuation at grant date	EEAP 2024 - Management Board Options/SARs[1]	EEAP 2024 Options/SARs	EEAP 2023 - Management Board Options/SARs	EEAP 2023 Options/SARs
Valuation date	1.2.2024	1.2.2024	1.2.2023	1.2.2023
Expiry date	31.01.2034	31.01.2034	31.01.2033	31.01.2033
Restriction period	5 years		5 years	
Share price on grant date	CHF 279.10	CHF 279.10	CHF 233.40	CHF 233.40
Exercise price	CHF 279.10	CHF 279.10	CHF 233.40	CHF 233.40
Volatility	31.3%	31.3%	31.0%	31.0%
Expected dividend yield	1.7%	1.7%	2.0%	2.0%
Weighted risk free interest rate	1.2%	1.1%	1.7%	1.6%
Weighted average fair value of options/SARs issued	**72.69**	**70.55**	**59.40**	**57.96**

[1] Fair value of options granted to a MB member in May 2023 does not significantly deviate from fair value EEAP 2024.

Options

The exercise price of options is equal to the market price of Sonova Holding AG shares on the SIX Swiss Exchange at grant date. The fair value of the options granted is estimated at grant date and recorded as an expense over the corresponding vesting period. Assumptions are made regarding the forfeiture rate which is adjusted during the vesting period (including adjustments due to re-assessments of the likely ROCE targets achievements for performance options granted to the CEO and the other members of the MB) to ensure that only a charge for vested amounts occur. Options may be exercised after the vesting date, until their expiry date. If options are exercised, one share per option from the conditional share capital is issued, or treasury shares are used for fulfillment. In the financial year 2023/24 and 2022/23 the options granted to the CEO and the members of the MB include a restriction period of 5 years, which was considered in the fair value of the options at grant date.

Changes in outstanding options:	2023/24		2022/23	
	Number of options	Weighted average exercise price (CHF)	Number of options	Weighted average exercise price (CHF)
Outstanding options at April 1	885,588	207.93	903,075	198.29
Granted[1]	110,397	279.10	123,258	233.40
Exercised[2]	(136,099)	150.57	(114,480)	149.16
Forfeited[3]	(32,701)	260.70	(26,265)	252.17
Outstanding options at March 31	**827,185**	**224.78**	**885,588**	**207.93**
Exercisable at March 31	**443,419**	**192.44**	**407,780**	**171.89**

[1] 2023/24 includes 41,799 performance options (previous year 42,477 performance options), granted to the CEO and MB members in February 2024 as well as options granted to a MB member in May 2023.
[2] The total consideration from options exercised amounted to CHF 20.5 million (previous year CHF 16.7 million). The weighted average share price of the options exercised during the year 2023/24 was CHF 263.62 (previous year CHF 306.59).
[3] Includes forfeiture of options relating to the one-time performance options granted in 2017/18 to the COO (now CEO) as well as forfeiture of performance options granted to CEO and MB members subject to ROCE hurdle, which both vested in the financial year 2023/24 (performance adjustment).

Share appreciation rights (SARs)

The exercise price of SARs is generally equal to the market price of Sonova Holding AG shares on the SIX Swiss Exchange at grant date. Upon exercise of SARs, an employee shall be paid an amount in cash equal to the number of shares for which the employee exercised SARs, multiplied by any surplus, of the per share market price at the date of exercise versus the per share exercise price (determined at the date of grant of SARs). The initial fair value of the SARs is in line with the valuation of the options of the respective period and recorded as an expense over the corresponding vesting period. Assumptions are made regarding the forfeiture rate which is adjusted during the vesting period (including adjustments due to re-assessments of the likely ROCE targets achievements for performance options/SARs granted to the members of the MB) to ensure that only a charge for vested amounts occur. Until the liability is settled, it is revalued at each reporting date recognizing changes in fair value in the income statement. The SARs may be sold after the vesting date, until they expire, except for the SARs granted to members of the MB in the financial year 2022/23, which include a restriction period of 5 years.

Changes in outstanding SARs:		**2023/24**		**2022/23**
	Number of SARs	Weighted average exercise price (CHF)	Number of SARs	Weighted average exercise price (CHF)
Outstanding SARs at April 1	74,518	229.76	82,622	215.19
Granted[1)]	8,276	279.10	15,044	233.40
Exercised	(1,760)	170.47	(17,165)	159.87
Forfeited	(4,134)	217.80	(5,983)	238.17
Outstanding SARs at March 31[2)]	**76,900**	**237.07**	**74,518**	**229.76**
Exercisable at March 31[3)]	**36,693**	**212.80**	**26,079**	**197.98**

1) 2022/23 includes 3,535 performance SARs granted to an MB member.
2) The carrying amount of the liability relating to the SARs at March 31, 2024 is CHF 3.9 million (previous year CHF 3.9 million).
3) The intrinsic value of the SARs exercisable at March 31, 2024 amounts to CHF 1.8 million (previous year CHF 1.8 million).

Performance share units (PSUs)

In 2024, as well as in the previous year, grants made to the members of the Management Board under the EEAP consist of PSUs. The PSUs are measured on relative TSR (rTSR) against the constituents of a recognized index. The fair value of a PSU at grant date was based on a "Monte-Carlo valuation". PSUs entitle the holder up to two shares per PSU, subject to the achievement of the performance criterion. PSUs granted are subject to a restriction period, which was considered in the fair value of the PSU at grant date. Upon vesting of the PSUs, the respective shares are either created out of the conditional share capital or treasury shares are used. The cost of the PSUs granted is expensed over their vesting period. Assumptions are made regarding the forfeiture rate which is adjusted during the vesting period, to ensure that only vested amounts are expensed.

Assumptions for valuation at grant date	PSU 2024	PSU 2023
Valuation date	1.2.2024	1.2.2023
Date of grant	1.2.2024	1.2.2023
Share price on grant date	CHF 279.10	CHF 233.40
Fair value	CHF 293.53	CHF 243.35
End of restriction period	31.1.2029	31.1.2028
Performance conditions	Total shareholder return (TSR)	Total shareholder return (TSR)
TSR performance period	1.2.2024 - 31.3.2027	1.2.2023 - 31.3.2026
TSR comparator group	Swiss Leader Index (SLI)	Swiss Leader Index (SLI)

Restricted share units (RSUs)

Under the EEAP grants 2018 to 2024, entitled employees have been granted RSUs. The value of an RSU is equal to the market price of Sonova Holding AG shares on the SIX Swiss Exchange on the grant date, adjusted for the fair value of expected dividends, as RSUs are not entitled to dividends. The fair value of a RSUs granted on February 1st, 2024 amounted to CHF 267.29 (fair value of grant February 1st, 2023 CHF 221.35). RSUs entitle the holder to one share per RSU after the vesting period. Upon vesting of the RSUs, the respective shares are either created out of the conditional share capital or treasury shares are used. The cost of the RSUs granted is expensed over their vesting period. Assumptions are made regarding the forfeiture rate which is adjusted during the vesting period to ensure that only vested amounts are expensed.

Restricted shares

In addition to the PSUs granted in respect to the EEAP 2024 and 2023, restricted shares have been granted to the Chairman of the Board of Directors as well as to the other members of the Board of Directors in the financial year 2023/24 and 2022/23. These shares are entitled to dividends and are restricted for a period of 64 months (Chairman), respectively 52 months (other members of the Board of Directors). The fair value of a restricted share granted on February 1st, 2024 amounted to CHF 279.10 (fair value of grant February 1st, 2023 CHF 233.40).

The costs for the restricted shares granted to the members of the Board of Directors have been fully expensed in the 2023/24 financial year as these shares have no vesting period.

Changes in outstanding PSUs/RSUs/Restricted shares:				2023/24				2022/23
	Number of PSUs	Number of RSUs	Number of restricted shares	Total	Number of PSUs	Number of RSUs	Number of restricted shares	Total
Balance April 1	33,620	193,831	40,052	267,503	31,420	197,664	44,800	273,884
Granted	8,456	58,901	5,909	73,266	15,992	73,489	7,750	97,231
Subject to holding period (PSUs)			4,540	4,540				
Settled	(4,689)	(50,082)	(11,473)	(66,244)	(13,792)	(59,714)	(12,498)	(86,004)
Forfeited	(4,117)	(13,226)		(17,343)		(17,608)		(17,608)
Balance March 31	**33,270**	**189,424**	**39,028**	**261,722**	**33,620**	**193,831**	**40,052**	**267,503**

In addition to the plans described above a cash-settled share based payment arrangement exists in relation to an acquisition entered in the financial year 2019/20. A portion of the deferred payments of that transaction can be settled in Sonova shares (number of shares granted 102,421) or in cash at the discretion of the counterparties and represent share-based payments as the payment is linked to employment conditions. The fair value of the shares granted of CHF 21.3 million was calculated at grant date (July 8, 2019) representing the share price on that date and considering that the shares are not entitled to dividends. The associated cost is expensed over the vesting period (four equal tranches vesting equally over four years). Until the liability is settled, it is revalued at each reporting date recognizing changes in the fair value in the income statement. Due to the discretion of the counterparties to request cash payments, the equity plan is classified as a "cash-settled share based payment plan". In the financial year 2023/24 the last tranche vested and a liability of CHF 6.0 million (previous year CHF 8.4 million) was transferred to equity as the beneficiaries opted for settlement in Sonova shares.

Accounting policies

The Board of Directors of Sonova Holding AG, the Management Board, and certain management and senior employees of other Group companies participate in equity compensation plans. The fair value of all equity compensation awards granted to employees is determined at the grant date and recorded as an expense over the vesting period. The expense for equity compensation awards is charged to the appropriate income statement heading within the operating result and an equivalent increase in equity (for equity-settled compensation) or financial liability (for cash-settled compensation) is recorded. In the case of cash-settled compensation, until the liability is settled, it is revalued at each reporting date, recognizing changes in the fair value in the income statement.

7.5 Government grants

The Group's result for the financial year 2023/24 includes government support received worldwide in connection with the COVID–19 pandemic in the amount of CHF 6.9 million (prior year: CHF 1.9 million). Most of the government grants relate to compensation of salary costs (furlough) and is recognized as a deduction from the costs in the following functional line items of the consolidated income statement:

April 1 to March 31, CHF million	2023/24	2022/23
Cost of sales	0.1	0.0
Research and development	0.1	0.0
Sales and marketing	0.7	0.4
General and administration	6.0	1.4
Total	**6.9**	**1.9**

Accounting policies

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Government grants are presented as a deduction from the relevant functional cost line item in the income statement.

7.6 Events after the balance sheet date

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

7.7 List of significant companies

Company name	Activity	Domicile (country)	Share/paid-in capital[1) Local currency 1,000		Shares held
Switzerland					
Sonova Holding AG	A	Stäfa	CHF	2,981	100%
Sonova AG	A, B, C, D	Stäfa	CHF	2,500	100%
Advanced Bionics AG	A, B	Stäfa	CHF	4,350	100%
EMEA (excluding Switzerland)					
Boots Hearing Care Ltd.	B	Conwy (UK)	GBP	0 [2)]	51%
SOD Invest SAS	A	Cahors (FR)	EUR	58,600	100%
Sonova Audiological Care Austria GmbH	B	Wals-Himmelreich (AT)	EUR	450	100%
Sonova Audiological Care France SAS	B	Cahors (FR)	EUR	58,800	100%
Sonova Audiological Care Italia S.r.l	B	Milan (IT)	EUR	1,166	100%
Sonova Audiological Care Nederland B.V.	B	Rotterdam (NL)	EUR	19	100%
Sonova Audiological Care Polska Sp.z.o.o.	B	Lodz (PL)	PLN	678	100%
Sonova Consumer Hearing GmbH	A, B	Wedemark-Hannover (DE)	EUR	25	100%
Sonova Deutschland GmbH	B	Fellbach (DE)	EUR	41	100%
Sonova France S.A.S.	B	Bron-Lyon (FR)	EUR	1,000	100%
Sonova Ibérica S.A.U.	B	San Vicente del Raspeig (ES)	EUR	7,000	100%
Sonova Retail Belgium NV	B	Groot-Bijgaarden(BE)	EUR	3,686	100%
Sonova Retail Deutschland GmbH	B	Dortmund (DE)	EUR	1,000	100%
Sonova UK Ltd.	B	Warrington (UK)	GBP	2,500	100%

Activities:
A Holding/Finance: The entity is a holding or finance company.
B Sales: The entity performs sales and marketing activities.
C Production: This entity performs manufacturing for the Group.
D Research: This entity performs research and development activities for the Group.
1) Share/paid-in capital may not reflect the taxable share/paid-in capital amount and does not include any paid-in surplus.
2) GBP 133

Company name	Activity	Domicile (country)	Share/paid-in capital[1)] Local currency 1,000		Shares held
Americas					
Advanced Bionics Corp.	A	Valencia (US)	USD	1	100%
Advanced Bionics LLC	B, C, D	Valencia (US)	USD	0 [2)]	100%
Alpaca Group Holdings, LLC	A	Delaware (US)	USD	298,893	100%
Connect Hearing Inc.	B	Aurora (US)	USD	0 [3)]	100%
Development Finance Inc.	A	Aurora (US)	USD	0 [4)]	100%
National Hearing Services Inc.	B	Kitchener (CA)	CAD	0 [2)]	100%
Sonova Canada Inc.	B	Mississauga (CA)	CAD	0 [2)]	100%
Sonova Consumer Hearing USA LLC	B	Old Lyme (US)	USD	20,000	100%
Sonova do Brasil Produtos Audiológicos Ltda.	B	Sao Paulo (BR)	BRL	120,379	100%
Sonova North American Operations Center, S.A. de C.V.	C	Monterrey, Nuevo León (MX)	MXN	10	100%
Sonova United States Hearing Instruments, LLC	A	Aurora (US)	USD	0 [2)]	100%
Sonova USA, Inc.	B	Aurora (US)	USD	46,608	100%
Asia/Pacific					
Hubei Hysound Health Technology Corp. Ltd.	B	Wuhan (CN)	CNY	1,000	100%
Shanghai Chengting Technology Corp. Ltd	B	Shanghai (CN)	CNY	18,871	100%
Sonova (Shanghai) Co., Ltd.	B	Shanghai (CN)	CNY	20,041	100%
Sonova Audiological Care Australia Pty. Ltd	B	NSW (AU)	AUD	61,000	100%
Sonova Audiological Care New Zealand Ltd	B	Auckland (NZ)	NZD	20,450	100%
Sonova Australia Pty Ltd	B	Norwest (AU)	AUD	10,475	100%
Sonova Hearing (Beijing) Co., Ltd	B	Beijing (CN)	CNY	44,932	100%
Sonova Hearing (Suzhou) Co., Ltd.	C	Suzhou (CN)	CNY	46,249	100%
Sonova Operation Center Vietnam Co., Ltd.	C	Binh Duong (VN)	VND	36,156,000	100%

Activities:
A Holding/Finance: The entity is a holding or finance company.
B Sales: The entity performs sales and marketing activities.
C Production: This entity performs manufacturing for the Group.
D Research: This entity performs research and development activities for the Group.
1) Share/paid-in capital may not reflect the taxable share/paid-in capital amount and does not include any paid-in surplus.
2) Without par value
3) USD 1
4) USD 10

7.8 Other accounting policies

Investments in subsidiaries

Investments in subsidiaries are fully consolidated. These are entities over which Sonova Holding AG directly or indirectly exercises control. Control exists when the Group is exposed, or has rights, to variable returns from its relationship with an entity and has the power to affect those returns. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can clearly demonstrate that such ownership does not constitute control. For the consolidated entities, 100% of assets, liabilities, income, and expenses are included. Non-controlling interests in equity and net income or loss are shown separately in the balance sheet and income statement. Changes in the ownership interest of a subsidiary that do not result in a loss of control will be accounted for as an equity transaction. Hence, neither goodwill nor any gains or losses will result.

Group Companies acquired during the year are included in the consolidation from the date on which control over the company transferred to the Group. Group companies divested during the year are excluded from the consolidation as of the date the Group ceased to have control over the company. Intercompany balances and transactions (including unrealized profit on intercompany inventories) are eliminated in full.

Related parties

A party is related to an entity if the party directly or indirectly controls, is controlled by, or is under common control with the entity, has an interest in the entity that gives it significant influence over the entity, has joint control over the entity or is an associate or a joint venture of the entity. In addition, members of the Board of Directors and the Management Board or close members of their families are also considered related parties as well as post-employment plan organizations (pension funds) for the benefit of Sonova employees. No related party exercises control over the Group.

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Report of the statutory auditor to the General Meeting of Sonova Holding AG

Statutory auditor's report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Sonova Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Goodwill

Area of focus	Our audit response
As of 31 March 2024, the Group has goodwill of CHF 2,419.6 million representing 42% of the Group's total assets and 97% of the Group's total equity. Per note 3.5, goodwill is tested for impairment at least annually. In performing the impairment analysis, management applies considerable judgment in respect of future market and economic conditions, such as economic growth, expected inflation rates, demographic developments, expected market share, revenue and margin development of the cash generating units (CGUs) to which goodwill has been allocated. Changes in these assumptions might lead to a change in the carrying value of goodwill. We focused on this area given the significant judgment applied in the assessment process.	We assessed and tested the assumptions, including weighted average cost of capital (WACC), methodologies and technical input parameters for the valuation model applied by the Group. We involved our internal valuation specialists to assist us with these audit procedures. In addition, we evaluated the cash flow projections for the CGUs by performing a retrospective assessment of the accuracy of management's past projections and analyzing management's business forecasts. In particular, we focused on the sensitivity in the available headroom of the CGUs and whether reasonably possible changes in assumptions could cause the carrying amount of the CGUs to exceed its recoverable amount. Our audit procedures did not lead to any reservations regarding the carrying value of goodwill.

Provisions for product liabilities

Area of focus	Our audit response
As of 31 March 2024, the Group has provisions for product liabilities of CHF 44.8 million. Per note 3.7, provisions for product liabilities consider the expected cost for claims in relation to the voluntary recall of cochlear implant products of Advanced Bionics in 2006 and Advanced Bionics voluntary field corrective action regarding cochlear implant products in 2020. Cost includes replacement products, medical expenses, compensation for actual damages as well as legal fees. We focused on this area given the uncertainty in the assumptions and estimates of the provision, as it largely depends on the outcome of administrative and legal proceedings.	We assessed management's process for the identification and evaluation of claims and analyzed the calculation models to determine the amount of the provisions for product liabilities. We tested the mathematical accuracy of the model, assessed key input factors such as number of devices in the market, failure rates, claim rates and costs per case. We enquired with the Group's legal counsel about disputes in relation to product liabilities and analyzed responses from legal letters obtained from third-party legal representatives. We also reviewed the Group's disclosures made in the consolidated financial statements. Our audit procedures did not lead to any reservations regarding the provision for product liabilities.

Other information in the annual report

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, 11 May 2024

Ernst & Young Ltd

Martin Mattes
Licensed audit expert
(Auditor in charge)

Pascal Solèr
Licensed audit expert

Financial statements of Sonova Holding AG

Income statement

CHF million	Notes	2023/24	2022/23
Income			
Investment income		470.8	326.8
Financial income	2.1	26.9	17.9
Total income		**497.7**	**344.6**
Expenses			
Administration expenses		(9.4)	(10.7)
Other expenses		(0.8)	(0.8)
Depreciation and amortization		(12.8)	0.0
Financial expenses	2.1	(49.5)	(62.5)
Direct taxes		(0.5)	(0.5)
Total expenses		**(72.9)**	**(74.5)**
Net profit for the year		**424.8**	**270.1**

Balance sheet

Assets CHF million	Notes	31.3.2024	31.3.2023
Cash and cash equivalents		3.8	4.8
Other receivables			
- Third parties		0.1	0.1
- Group companies		73.8	24.4
Prepaid expenses		0.2	0.3
Total current assets		**77.9**	**29.6**
Financial assets	2.2		
- Third parties		1.6	2.0
- Group companies		1,704.7	1,539.8
Investments	2.3	435.0	498.4
Total non-current assets		**2,141.3**	**2,040.2**
Total assets		**2,219.2**	**2,069.8**

Liabilities and shareholders' equity CHF million	Notes	31.3.2024	31.3.2023
Trade account payables			
- Third parties		0.2	0.1
Short-term interest-bearing liabilities			
- Third parties		4.8	4.8
Other short-term liabilities to third parties		2.1	1.2
Accrued liabilities		11.0	8.9
Total short-term liabilities		**18.1**	**15.0**
Bonds	2.4	1,512.3	1,514.6
Other long-term liabilities to third parties		0.1	0.1
Total long-term liabilities		**1,512.4**	**1,514.8**
Total liabilities		**1,530.5**	**1,529.8**
Share capital		3.0	3.1
Legal reserves			
- General reserves		1.8	1.8
- Legal reserves for treasury shares held by subsidiaries		0.0	5.7
Balance carried forward		262.9	682.7
Net profit for the year		424.8	270.1
Treasury shares	2.5	(3.8)	(423.3)
Total shareholders' equity		**688.8**	**540.0**
Total liabilities and shareholders' equity		**2,219.2**	**2,069.8**

Notes to the financial statements of Sonova Holding AG as of March 31, 2024

1. General information

The financial statements of Sonova Holding AG, with registered office in Stäfa, comply with the requirements of Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations, 'SCO'). The company does not have any employees (previous year: none).

2. Accounting principles

2.1 Financial income/expenses

Financial income/expenses consists of gains and losses from sale/transfer of shares in relation to long-term incentive plans, realized/unrealized foreign exchange gains and losses as well as interest income/expenses.

2.2 Financial assets

Financial assets contain loans to third parties as well as to Group companies and are recognized at cost less adjustments for foreign currency losses and impairment of value. Loans granted in foreign currency are translated at balance sheet date.

2.3 Investments

Investments consist mainly of participations in fully consolidated Group companies. They are subject to individual valuation.

2.4 Bonds

Bonds are valued at nominal value. Any bond premium/discount is accrued/capitalized and released/amortized linearly over the term.

2.5 Treasury shares

Treasury shares are recognized at cost and deducted from shareholders' equity. The gain or loss from sale is recognized in the income statement as financial gain or financial loss.

3. Information on income statement and balance sheet items

3.1 Bonds

As of March 31, 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

3.2 Treasury shares

On March 29, 2022, Sonova Holding AG announced that its Board of Directors approved a share buyback program of up to CHF 1.5 billion. The program started in April 2022 and is expected to run over a period of up to 36 months. No treasury shares were bought under the share buyback program during financial year 2023/24 (2022/23: 1,532,910 treasury shares).

Treasury shares held by Sonova Holding AG Number/CHF million

	Number	Treasury shares at cost
Balance April 1, 2023	1,540,657	423.3
Purchase of treasury shares	200,000	51.3
Sale / Transfer of treasury shares	(194,160)	(34.6)
Cancellation of treasury shares	(1,532,910)	(421.5)
Loss from sale of treasury shares		(14.8)
Balance March 31, 2024	**13,587**	**3.8**

Treasury shares held by subsidiaries Number/CHF million

	Number	Legal reserves for treasury shares held by subsidiaries
Balance April 1, 2023	25,606	5.7
Sale / Transfer of treasury shares	(25,606)	(5.7)
Balance March 31, 2024	**0**	**0.0**

3.3 Contingent liabilities

CHF million	31.3.2024	31.3.2023
Letters of comfort given on behalf of Group companies	9.4	9.7
Guarantees given in respect of rental obligations of Group companies	2.4	3.1

The Swiss Sonova entities form a VAT group and, hence, every company participating in the group is jointly and severally liable for VAT debt of other group participants. Further Sonova Group companies participating in the cash pool are jointly and severally liable for any debit position or outstanding overdraft in connection with them.

3.4 List of investments

Company name	Activity	Domicile	Share/paid-in capital[1] Local currency 1,000		Shares held by Sonova Holding
Switzerland					
Sonova AG	A,B,C,D	Stäfa	CHF	2,500	100%
Sonova Communications AG	B, C, D	Murten	CHF	500	100%
Verve Hearing Systems AG	A	Stäfa	CHF	100	100%
EMEA (excluding Switzerland)					
Sonova Belgium NV	A, B	Asse Zellik (BE)	EUR	15,311	70%[2]
Sonova Deutschland GmbH	B	Fellbach (DE)	EUR	41	85%[2]
Sonova Denmark A/S	B	Middelfart (DK)	DKK	14,182	78%[2]
Sonova Ibérica S.A.U.	B	San Vincente del Raspeig (ES)	EUR	7,000	100%
Sonova France SAS	B	Bron-Lyon (FR)	EUR	1,000	30%[2]
SCI Du Triangle De Bron	A	Bron-Lyon (FR)	EUR	46	100%
Sonova Norway AS	B	Oslo (NO)	NOK	1,854	49%[2]
Sonova Polska Sp. Z o.o.	B	Warsaw (PL)	PLN	100	100%
Sonova RUS LLC	B	Moscow (RU)	RUB	4,000	100%
Sonova Sweden AB	B	Solna (SE)	SEK	100	100%
Sonova UK Ltd.	B	Warrington (UK)	GBP	2,500	100%
Boots Hearing Care Ltd.	B	Llandudno (UK)	GBP	0[3]	51%

For significant indirect investments refer to Note 7.7 of the consolidated financial statements of Sonova Holding AG.
Description:
A Holding/Finance: The entity is a holding or finance company.
B Sales: The entity performs sales and marketing activities for the group.
C Production: This entity performs manufacturing for the group.
D Research: This entity performs research and development activities for the group.
1) Share/paid in capital may not reflect the taxable share/paid-in capital amount and does not include any paid-in surplus.
2) The remaining shares are held by a subsidiary of Sonova Holding AG.
3) GBP 133

Company name	Activity	Domicile	Share/paid-in capital[1] Local currency 1,000		Shares held by Sonova Holding
Americas					
CAS Argosy Participações Ltda.	B	São Paulo (BR)	BRL	22,014	100%
Sonova Canada Inc.	B	Mississauga (CA)	CAD	0[3]	85%[2]
Sonova Mexico Soluciones S.A. de C.V.	B	Ciudad de Mexico (MX)	MXN	94,050	85%[2]
AudioNova Mexico S.A. de C.V.	B	Ciudad de Mexico (MX)	MXN	66,050	99%[2]
Sonova United States Hearing Instruments, LLC	B	Aurora (US)	USD	0[3]	73%[2]
Asia/Pacific					
Sonova Hearing (Suzhou) Co., Ltd.	C	Suzhou (CN)	CNY	46,249	100%
Sonova (Shanghai) Co., Ltd	B	Shanghai (CN)	CNY	20,041	80%[2]
Sonova Hearing India Pvt. Ltd.	B	Mumbai (IN)	INR	459	56%[2]
Sonova Korea Ltd.	B	Seoul (KR)	KRW	50,000	100%
Sonova New Zealand (Wholesale) Ltd.	B	Auckland (NZ)	NZD	250	100%
Sonova Singapore Pte. Ltd.	B	Singapore (SG)	SGD	250	100%
Sonova Taiwan Pte. Ltd.	B	Zhonge City (TW)	TWD	3,100	100%
Sonova Operation Center Vietnam Co., Ltd.	C	Thuan An (VN)	VND	36,156,000	100%
Sonova Vietnam Company Limited	B	Ho Chi Minh City (VN)	VND	2,088,000	70%[2]

For significant indirect investments refer to Note 7.7 of the consolidated financial statements of Sonova Holding AG.
Description:
B Sales: The entity performs sales and marketing activities for the group.
C Production: This entity performs manufacturing for the group.
1) Share/paid in capital may not reflect the taxable share/paid-in capital amount and does not include any paid-in surplus.
2) The remaining shares are held by a subsidiary of Sonova Holding AG.
3) Shares without par value

3.5 Significant shareholders

The following overview shows the significant shareholders as of March 31, 2024 based on shareholdings recorded in the share register and notifications on the SIX Swiss Exchange online reporting platform. Significant shareholders may also hold non-registered shares.

	2024[1]	2024[2]	2023[1]	2023[2]
	No. of shares	In %	No. of shares	In %
Beda Diethelm and Annamaria Diethelm-Pandiani[3]	6,712,878	11.26	6,712,878	10.98
Family of Hans-Ueli Rihs [3], [4]	3,683,649	6.18	3,683,649	6.02
BlackRock, Inc.	3,334,293	5.10	3,334,293	5.10
MFS Investment Management [5]	1,847,415	3.02	1,847,415	3.02
UBS Fund Management (Switzerland) AG	1,825,453	3.06	n/a	<3

1) Or at last reported date if shareholdings are not registered in the share register.
2) On the basis of the shares of Sonova Holding AG registered in the commercial register at last reported date which may differ.
3) Beda Diethelm and Hans-Ueli Rihs were already shareholders before the Initial Public Offering in November 1994. There are no shareholders' agreements among these individuals and they can trade freely.
4) Hans-Ulrich Rihs, Gabriela Rihs and Stefan Rihs as a group jointly control 3,683,649 registered shares (corresponding to 6.18% of total Sonova share capital) pursuant to the last disclosure notice. These shares were previously controlled by Hans-Ulrich Rihs as a single shareholder.
5) MFS Investment Management, formerly known as Massachusetts Financial Services, is held by Sun Life Financial Inc. which is traded on the TSX, NYSE and PSE (ticker symbol SLF).

3.6 Shareholdings and participations of the Board of Directors and the Management Board

	31.03.2024				31.03.2023			
	Shares	Restricted Shares [1] [3]	PSUs/ RSUs [3]	Options (incl. SARs) [3]	Shares	Restricted Shares [2] [3]	PSUs/ RSUs [3]	Options (incl. SARs) [3]
Board of Directors	109,685	29,148	-	31,603	114,939	33,980	0	65,228
Management Board	27,529		31,534	383,894	24,878		31,356	378,940
Total	**137,214**	**29,148**	**31,534**	**415,497**	**139,817**	**33,980**	**31,356**	**444,168**

1) These shares are subject to a restriction period which varies from June 1, 2024 to June 1, 2029 depending on the grant date.
2) These shares are subject to a restriction period which varies from June 1, 2023 to June 1, 2028 depending on the grant date.
3) For further details see also Note 7.4 in the consolidated financial statements.

For further details to shareholdings in the company by members of the Board of Directors and by members of the Management Board, in accordance with Swiss Code of Obligation article 663c, refer to the compensation report of Sonova Holding AG.

3.7 Events after the balance sheet date

There have been no material events after the balance sheet date

Appropriation of available earnings

As proposed by the Board of Directors to the Annual General Shareholders' Meeting of June 11, 2024:

CHF million	31.3.2024
Balance carried forward from previous year	262.9
Net profit for the year	424.8
Total available earnings	**687.8**
Dividend distribution[1)]	(256.3)
Balance to be carried forward	**431.4**

1) If the Annual General Shareholders' Meeting approves the proposed appropriation of available earnings, a gross dividend of CHF 4.30 per registered share of CHF 0.05 will be paid out (previous year: CHF 4.60).

Report of the statutory auditor to the General Meeting of Sonova Holding AG

Report of the statutory auditor on the financial statements

Opinion

We have audited the financial statements of Sonova Holding AG, which comprise the balance sheet as at 31 March 2024, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of investments in subsidiaries

Area of focus	Our audit response
As of 31 March 2024, investments in subsidiaries of the Company amounted to CHF 435 million and represent 20 % of total assets. Investments in subsidiaries are valued at historical cost less any impairment of value. The Company values investments in subsidiaries individually (single-asset-valuation principle). Refer to note 2.3 (Investments) in the financial statements for further details.	Our audit procedures included understanding the Company's investment in subsidiaries impairment testing process and the determination of key assumptions. We evaluated the Company's impairment testing model and key assumptions. We further corroborated the Company's key assumptions applied based on internally and externally available evidence and underlying data. Our audit procedures did not lead to any reservations relating to the valuation of investments in subsidiaries.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, 11 May 2024

Ernst & Young Ltd

Martin Mattes
Licensed audit expert
(Auditor in charge)

Pascal Solèr
Licensed audit expert

Investor information

Financial calendar

June 11, 2024
General Shareholders' Meeting of Sonova Holding AG

November 19, 2024
Publication of Semi-Annual Report as of September 30, 2024

May 13, 2025
Publication of Annual Report as of March 31, 2025

June 10, 2025
General Shareholders' Meeting of Sonova Holding AG

Financial information

Corporate & ad hoc news
Annual Reports
Semi-Annual Reports
IR presentations
www.sonova.com/en/investors

Information on the General Shareholders' Meeting

Invitation and agenda
General Shareholders' Meeting presentations
General Shareholders' Meeting minutes
www.sonova.com/en/AGM

IR online news service

IR News Service
www.sonova.com/en/services-and-contacts

Capital structure and shareholder rights

Share data
www.sonova.com/en/investors/share-data

Shareholder structure
www.sonova.com/en/investors/shareholder-structure

Shareholder participation rights
www.sonova.com/en/investors/shareholder-participation-rights

Regulations and principles
Articles of Association
Organizational Regulations
Rules on Board Operations and Procedures
Committee Charters
Code of Conduct
Supplier Principles
www.sonova.com/en/regulations-principles

Contact form

www.sonova.com/en/services-and-contacts

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Senior Director Group Investor Relations

Thomas Bernhardsgrütter

Director Investor Relations

Jessica Grassi

Investor Relations Associate

Nicole Jenni

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ESG Report 2023/24

ESG Report 2023/24

Message from the CEO

Dear readers,

As a leading global provider of innovative hearing care solutions, one of our five company values is: We take accountability. This applies to every colleague throughout our company: Together, we take accountability for our impact on society and our planet by striving for continuous improvement every day. I am grateful for the continued contributions of our team on that journey.

Sonova has a long-standing commitment to sustainability and invests in leading environmental, social, and governance (ESG) practices. We are convinced both that it is the right thing to do, and that ESG is an essential contributor to long-term market success. While we acknowledge there is room for continuous improvement, we are proud of our progress to date. Our innovative solutions enable millions of people to enjoy the delight of hearing every day, positively impacting their quality of life, and we intend equally to have a positive effect on our employees, society in general, and the environment.

IntACT, our global ESG strategy, is an integral part of Sonova's business strategy. It is based on four strategic pillars: Protecting the planet, Serving society, Advancing our people, and Acting with integrity. Our defined focus topics for each of the four pillars are underpinned by specific measures, targets, and accountability up to the highest levels of our organization. Sonova has been a signatory of the UN Global Compact since 2016, fully endorsing its ten principles governing human rights, labor, environment, and anti-corruption. Throughout the 2023/24 financial year, we made good progress in implementing our ESG strategy and achieving our ambitious ESG targets.

Progress on Sonova's *IntACT* ESG strategy

On the environmental side, the Science Based Targets initiative (SBTi) officially approved our operations (scope 1 and 2) and our value chain (scope 3) greenhouse gas (GHG) emission reduction targets. As of the 2023/24 financial year, we have reduced our global carbon footprint across scope 1, 2, and 3 GHG emissions by 28% vs. 2019 on a comparable basis, while continuing to grow our business. Although we did not achieve our ambitious four-year target to reduce the total weight of our packaging by 20%, we made significant progress in 2023/24, achieving a reduction of 9% vs. the previous year through specific improvements to transportation and product packaging.

An engaged and energized workforce is crucial for Sonova's business success. We are proud to have maintained consistently high levels of employee engagement over the past years (83% in the 2023/24 financial year, up by one percentage point against the prior year) in a fast-changing and challenging global environment. Our investment in talent development is bearing fruit, with almost two thirds of leadership hires and promotions coming internally from Sonova. Last year, we set ourselves new gender diversity targets: by 2028/29, we aim for our middle management to comprise 50% women, and for our senior management 35%. In the 2023/24 financial year, we achieved an increase for middle management by 3.5 percentage points to 39.9%, and for senior management by 6.3 percentage points to 28.3%.

We have continued to implement our human rights due diligence framework, including further on-site assessments to evaluate the actual impact of our operations. We have also further strengthened our supplier sustainability assessments and engaged with key suppliers to drive action along the value chain. In terms of product reliability, we achieved improvements for both hearing instruments (+7%) and cochlear implants (+14%), although we did not meet our target of 20% improvement compared to the previous year. We set ambitious targets to spur immediate and sustained action; not achieving some of them further encouraged us to strengthen our investment and execution into reliability and to continue to strive for significant progress.

External recognition as industry-leading in sustainability

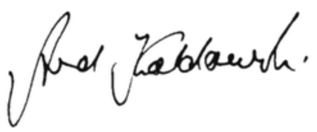
Sonova's industry-leading position in ESG has been confirmed by major sustainability indices and rating agencies. MSCI upgraded our rating to AAA, the highest score, and Sustainalytics placed us second out of over 200 companies in the medical devices sector. Sonova has been included in the Dow Jones Sustainability Index for ten consecutive years, ranking fourth out of 279 companies in the health care equipment and supplies industry. Besides our internal drive, external recognition as well as continuous feedback from our customers and consumers, colleagues, business partners, and other stakeholders, motivates us to keep moving forward.

Long-standing ESG reporting and external assurance

GRI 2-22

Sonova has been publishing a dedicated ESG Report as part of the Sonova Group Annual Report for more than ten years. The ESG Report is based on international reporting standards and frameworks, such as GRI, SASB, and TCFD, and sustainability KPIs in the report are assured by the same external auditor as for the financial data. We began these external audits seven years ago to ensure ESG data quality, reliability, and comparability. We advanced our ESG reporting further in the 2023/24 financial year by conducting our first ESG double materiality assessment and progressing towards implementation of the EU Taxonomy and EU Corporate Sustainability Reporting Directive (CSRD). This year, for the first time, Sonova's shareholders will be able to endorse the ESG Report in a non-binding advisory vote at the Annual General Meeting. We strongly believe that transparent and standardized ESG reporting is a crucial tool to measure and demonstrate progress and a catalyst for real change toward a more sustainable economy.

Once again, I extend my sincere thanks to every single colleague who contributes to making Sonova more sustainable every day.



Arnd Kaldowski
Chief Executive Officer

ESG Report 2023/24

2023/24 highlights and recognitions

2023/24 sustainability highlights

Sonova made significant achievements and progress during the 2023/24 financial year.

More than 18,000 employees worldwide (FTEs)	Approved SBTi science-based reduction targets for scope 1, 2, and 3 CO_2e emissions	28.3% of our senior management are women
−28% scope 1, 2, and 3 greenhouse gas (CO_2e) emissions vs. 2019[1]	−9% reduction in energy intensity per FTE vs. 2022	39.9% of our middle management are women
More than 500 people leaders trained in mental health first aid conversation since 2022/23	More than 4,000 hearing aids fitted through Hear the World Foundation projects	83% employee engagement score in the annual HearMe survey
97.4% of our employees completed the annual Code of Conduct training on time	Almost 2/3 of our leaders are recruited internally	More than 2,000 active granted patents and design rights owned by Sonova

1) On a comparable basis. Including Sennheiser, our Consumer Hearing business, HYSOUND, and Alpaca for all years.

2023/24 recognitions, frameworks, and initiatives supported

Sonova has been regularly and continuously recognized by various leading ESG rating agencies, and included in sustainability indices, including during the 2023/24 financial year. Sonova's reporting on our ESG performance is made in accordance with several global reporting frameworks to enhance transparency and comparability.

ESG ratings and indices

Member of the Dow Jones Sustainability Indices since 2014; ranked 4th out of 279 companies in the health care equipment and supplies industry in 2023.

Rated Prime with a score of B in the 2023 ISS ESG Corporate Rating, placing Sonova in the top 2% of the health care equipment and supplies industry.

Included as a constituent company in the FTSE4Good Index Series since 2014, ranked in the top 15% of the health care sector.

Reached the highest possible rating of AAA (on a scale of AAA-CCC) in the 2023 MSCI ESG Ratings assessment[1].

Awarded a CDP score of B in the 2023 climate change rating.

Frameworks and initiatives supported

Sonova's ESG Report has been prepared in accordance with Global Reporting Initiative (GRI) Standards since 2012/13.

Sonova has applied the Task Force on Climate-related Financial Disclosures (TCFD) framework for climate-related risk reporting since 2021/22.

Sonova has used the Sustainability Accounting Standards Board (SASB) standard for the medical equipment and supplies industry since 2020/21.

Since 2016, Sonova has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, environment, and anti-corruption.

1) The use by Sonova of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Sonova by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

Reporting approach

The Sonova ESG Report aims to provide information about our sustainability approach and performance to all our stakeholders. This report forms part of Sonova's Annual Report together with the Financial Report and the Business Report, along with sub-reports such as the corporate governance report and the compensation report. The ESG Report provides information about how Sonova governs, manages, and implements sustainability, as well as performance measures and progress on key ESG targets. This report was published on May 14, 2024, and was approved by Sonova's Board of Directors. It is subject to a non-binding advisory vote at the Annual General Meeting on June 11, 2024.

For questions related to this ESG Report, please contact Sonova, Laubisrütistrasse 28, 8712 Stäfa, Switzerland. Phone: +41 58 928 01 01 | Email: sustainability@sonova.com

Reporting scope

GRI 2-1, GRI 2-2, GRI 2-3

Sonova Holding AG is the ultimate parent company of Sonova. It is a limited liability company listed on the SIX Swiss exchange and is headquartered in Stäfa, Switzerland. Sonova operates through four businesses – Hearing Instruments, Audiological Care, Consumer Hearing, and Cochlear Implants – with multiple brands. The Sonova ESG Report, in alignment with the Financial Report, covers all Sonova subsidiaries where reporting scope is not explicitly mentioned. The list of Sonova's significant Group companies can be found in note 7.7 List of significant companies in the 2023/24 Annual Report. The ESG Report follows Sonova's financial year from April 1 to March 31, with the exception of most of the environmental data in the Protecting the planet chapter, which is reported by calendar year. Further information can be found in the Basis for preparation chapter. In the 2023/24 ESG Report, the recently acquired HYSOUND Group is fully integrated into all data.

Reporting regulations

This report is prepared in accordance with the Swiss Code of Obligations Art. 964b. Information about the relevant disclosures under this article can be found in the Swiss Code of Obligations (Art. 964b) content index. We also adhere to the requirements of the Swiss Code of Obligations Art. 964j-l for Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor. We have determined that we are exempt from the obligations of due diligence and reporting on minerals and metals from conflicted areas. For due diligence and reporting on child labor, we qualify for the exception clause provided in the law, since our human rights due diligence fully aligns with international frameworks. Sonova is actively working towards implementation of the EU Corporate Sustainability Directive (CSRD) and EU Taxonomy. In the 2023/24 financial year, we voluntarily report for the first time on our compliance with Article 8 of the EU Taxonomy Regulation 2020/852, which can be found in the EU Taxonomy note in the Appendix.

Reporting standards

The Sonova ESG Report 2023/24, in combination with the 2023/24 Business Report and Financial Report, has been prepared in accordance with the Global Reporting Initiative's (GRI) 2021 Standards and Sonova's own developed methodology, and forms an integral part of Sonova's UN Global Compact Communication on Progress. Sonova reporting follows standards and frameworks including the Task Force on Climate-Related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), and the United Nations Sustainable Development Goals (SDGs) and UNGC 10 principles. Please see our content indices for further information: GRI content index, TCFD content index, SASB content index, and SDG and UNGC content indices.

External assurance

GRI 2-5

Ernst & Young Ltd (EY) provided limited assurance on selected KPIs presented in this ESG Report. EY is the external statutory auditor for the compensation report, the consolidated financial statements, and the financial statements of Sonova. All audited figures are highlighted in the report with ✓ Data externally assured (limited assurance). Details about the scope for the 2023/24 assurance can be found in the Independent assurance report.

Sonova strives to keep an open and transparent dialog and seeks meaningful exchanges with our stakeholders. We actively engage through a broad range of communication channels to promote participative and integrated decision-making.

SDG 17.16

Stakeholder groups

Interactions with our stakeholders help us understand their perspectives on our business activities, products, and services, and are vital for our long-term performance. In the 2023/24 financial year, we also interacted with various internal and external stakeholders through the ESG double materiality assessment. Our key stakeholder groups are:

GRI 2-29

- Customers and consumers
- Employees
- Shareholders
- Suppliers
- Academia and opinion leaders

Additional stakeholders that are important to Sonova are: the financial community, media, regulators, insurers, competitors, as well as community representatives and NGOs.

Stakeholder engagement

Customers and consumers

Sonova's business model has multiple customer and consumer relationships including business-to-business (hearing care professionals, clinics, and retailers) and business-to-consumer (consumers and patients). To ensure effective interaction, we are using various channels to fit the needs of different customers and consumers.

We greatly value ongoing dialog with our business-to-business customers, which we facilitate through our sales representatives, customer hotline and support, mobile apps, complaint management channels, and customer surveys. Additionally, we further engage through advisory networks, knowledge management and sharing, audiology conferences, and online customer communities. We also offer a broad range of professional training and courses addressing the various specializations in the hearing care industry. We arrange e-learning seminars, road shows, face-to-face training, and provide marketing materials to support and train our customers.

One way we interact with our consumers and patients is through communities. The Phonak Pediatric Advisory Board assists our pediatric product development to support the needs of children with hearing loss through the participation of members including parents of children with hearing loss, researchers, professors in pediatric audiology, and pediatric clinicians. HearingLikeMe.com and HearingJourney™ are other online communities for people with hearing loss, sponsored and managed by Sonova brands. Advanced Bionics has created a community of CI mentors, i.e., customers who share their experiences with potential future cochlear implant recipients. Our Consumer Hearing business seeks consumer feedback and insights through forums such as the Sennheiser Explorers Community. In addition, we leverage digital capabilities to get consumer feedback online through various surveys and interactions, for example through the Sennheiser Smart Control app. We also use various social media channels to engage actively with our customers and consumers.

Employees

We interact with our employees regularly through various exchanges, such as HearMe, our annual employee engagement survey, through the annual performance management and development processes, through so-called Kaizens, via townhalls, and intranet channels to ensure that all voices are heard, and we take appropriate action where required. In the HearMe annual engagement survey, our employees share their feedback on a variety of themes relevant to them and their experience at work. Our performance management processes reinforce a culture of continuous feedback, where employees and people leaders have regular discussions on goals and achievements, intended to foster a culture of collaboration and enhance employee engagement. The development plan process focuses on personal and professional growth and development and provides a dedicated platform for employees to discuss their career aspirations, training needs, and areas for skill enhancement with their people leaders. Every year, Sonova holds over 100 Kaizens – workshops for continuous process improvement – around the world. Leaders and employees come together in cross-functional teams for 3 – 5 days to exchange ideas and to co-create solutions.

Shareholders

At the end of the 2023/24 financial year, Sonova had 26,494 registered shareholders, together holding 54.71% of the total shares. Sonova’s Board of Directors represents the interests of the shareholders, setting and overseeing the strategic direction of Sonova. Sonova’s Annual Report is published for our shareholders and other stakeholders, and the Annual General Meeting is a forum for discussion and debate where the shareholders have the opportunity to vote, among other things, on the ESG Report, on the Board of Directors, and on the compensation for the Management Board.

Suppliers

Sonova’s supplier relationships are governed by the Sonova Group Supplier Principles. They are based on international standards, our requirements, and industry considerations. In addition, we regularly engage with our key suppliers on ESG topics and assess high-risk suppliers through EcoVadis, a global value-chain performance assessment and monitoring tool.

Academia and opinion leaders

Sonova actively collaborates with more than 50 universities and research institutions across the world. We cooperate with research partners by supporting research projects financially and participating in the actual work when appropriate. In addition, we provide support for internships and thesis projects for Master’s degree or PhD students. Sonova’s experts engage with the research community by presenting and discussing at seminars and conferences, co-authoring scientific studies in journals, and serving as advisors on academic advisory boards and committees.

Financial community

Sonova is publicly listed on the SIX Swiss Exchange and has an open and active information policy of treating all stakeholders alike and, sharing information with all of them simultaneously. We interact with the financial community through various channels and formats, such as roadshows, conferences, and investor meetings, including a regular Investor and Analyst Day. We also engage with investors and rating agencies on the topic of sustainability.

Media

We maintain strong relationships with a wide range of media representatives to ensure transparency, ongoing dialog, and accountability. Our media relations and marketing teams work with top-tier public interest media, financial and economic media, large newswire services, consumer, and technology media, and with trade and specialist media. We aim to ensure fair disclosure of information to all stakeholders, to create awareness of hearing loss and its implications, and to disclose key aspects of Sonova's business and sustainability performance. We proactively publish and distribute press releases, hold press conferences, and respond extensively to requests from journalists.

Regulators

Sonova produces hearing instruments and cochlear implants that qualify as medical devices, requiring us to adhere to stringent safety standards for our customers, consumers, and patients and to provide evidence in support of our performance claims. We engage with regulators by sharing our specialist knowledge in working groups to support the regulators ensuring high quality standards for hearing instruments and cochlear implants.

Insurers

As part of our mission to contribute to better hearing care, we interact with public and private insurance providers worldwide, participating in tender processes and offering our products and services. Sonova interacts with governmental and social institutions including the National Health Service in the United Kingdom and the Department of Veterans Affairs in the United States.

Competitors

We believe that healthy competition drives innovation and process improvements for our customers and consumers. We are committed to fair competition across all our business practices, as defined in Sonova's Global Competition Law Policy. We interact with peers via industry groups, such as the European Hearing Instrument Manufacturers Association (EHIMA).

Community representatives and NGOs

Good relationships with the communities in which we operate and with relevant local and international NGOs are important; we therefore communicate with them regularly on administrative, social, operational, and environmental matters.

Sonova ESG Report 2023/24

Double materiality assessment

Material ESG topics

In the 2023/24 financial year, Sonova conducted a double materiality assessment (DMA), replacing our previous single materiality assessment. Involving over 100 internal and external participants, the assessment covered the Sonova Group with our entire value chain.

We gathered stakeholder insights about our actual and potential impact on the environment and on society (impact materiality), as well as about how our financial performance is, or could be, affected by sustainability issues (financial materiality). The term double materiality assessment reflects this consideration of two different perspectives.

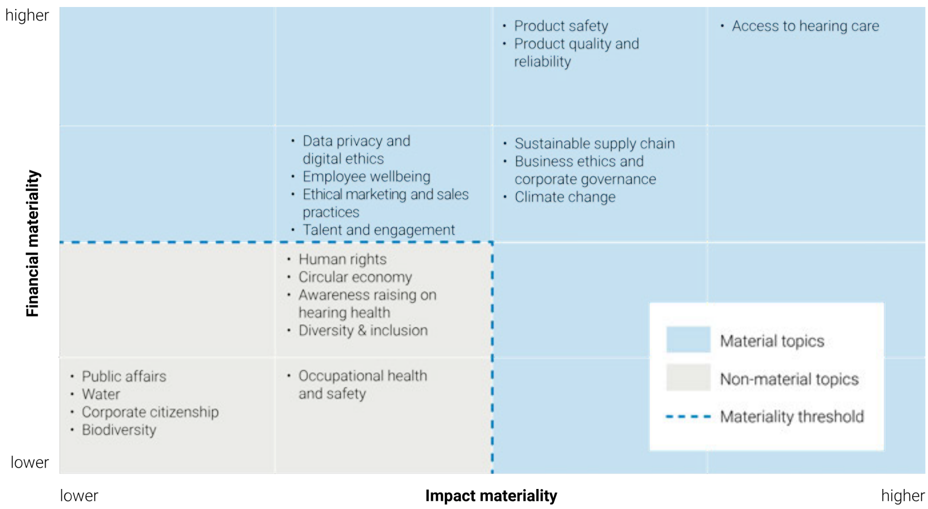
We conducted the DMA by completing the following five steps:

1. **List compilation:** We compiled a list of ESG topics relevant to the Sonova value chain and business model and identified impacts, risks, and opportunities associated with each topic. Sources included: Sonova Management Board interviews; reporting standards (e.g., the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the European Sustainability Reporting Standards (ESRS)); international frameworks such as the UN Sustainable Development Goals (SDGs); international regulations, standards, and agreements; best-practice peer benchmarking; investor and analyst reports; and customer surveys. GRI 3-1
2. **Internal and external stakeholder consultations:** We conducted 25 external stakeholder interviews with 38 participants, including customers, suppliers, investors, key partners, public organizations, and NGOs. During seven workshops, we also consulted more than 60 internal stakeholders from various levels, functions, businesses, and geographic regions across Sonova. The quantitative results from these consultations regarding impacts, risks, and opportunities were translated into a first materiality matrix draft. Assessments from internal stakeholders were assigned a 60% weighting and those of external stakeholders were assigned 40%. The scale and scope of positive and negative impacts on society and the environment (and irremediability for negative impacts) were considered for impact materiality; consideration for financial materiality involved the likelihood and size of opportunities and risks. We also asked stakeholders to consider short-, medium-, and long-term impacts.
3. **Expert calibration and risk mapping:** The first matrix draft was discussed and calibrated with an internal expert panel consisting of senior members of key functions, including R&D, procurement, compliance, and HR. During this step, the matrix was mapped against key risks of Sonova Group, facilitating integration into our overall risk management process.
4. **Validation:** The Management Board discussed and validated the final double materiality matrix.
5. **Approval:** The Board of Directors approved the material ESG topics.

Ten material topics were identified: most of the changes from last year's list of material topics are the result of applying a double materiality vs. a single materiality concept, and different clustering and wording of topics. Thus, climate change, employee wellbeing, and ethical marketing and sales practices have been added to the material topics, while diversity and inclusion, and human rights no longer meet the materiality threshold.

GRI 3-2

The results of the double materiality assessment have informed the structure of this ESG Report while confirming the validity of *IntACT*, our ESG strategy, and its focus areas. They have also provided valuable insights on how we can continue to improve our ESG performance. The material topics and the DMA process will be reviewed or reassessed on an annual basis or based on a larger business change.



Material ESG topics and descriptions

Topic	Description
Access to hearing care	Sonova's ability to broaden access to products and services, through e.g., distribution channels, digital solutions, training of hearing care professionals, and affordable hearing care solutions.
Business ethics and corporate governance	Sonova's adherence to the highest professional and ethical standards, and assurance of best-practice oversight through the Board of Directors and Management Board.
Climate change	Sonova's impact on climate change through greenhouse gas (GHG) emissions generated directly and indirectly, and the management of risks and opportunities as they relate to GHG emissions.
Data privacy and digital ethics	Sonova's strategy, policies, and practices related to management and protection of sensitive, confidential, and/or proprietary information from customers and other stakeholders.
Employee wellbeing	Sonova's contribution to employee health and wellbeing at work and beyond, including physical, mental, financial, social, and purpose-related aspects.
Ethical marketing and sales practices	Sonova's management of the transparency, accuracy, and comprehensibility of marketing statements, advertising, and labeling of products and services, as well as selling practices.
Product quality and reliability	Sonova's offering of products and services that meet customer and user expectations with respect to reliable and effective functioning.
Product safety	Sonova's offering of products and services that do not carry any unintended characteristics that may cause health risks.
Sustainable supply chain	Sonova's management of sustainability across the supply chain e.g., through screening, selection, monitoring, and engagement with suppliers.
Talent and engagement	Sonova's ability to attract, develop, engage, and retain talent through e.g., career path offerings, performance and compensation management, and skills and competency development.

Sonova ESG Report 2023/24

ESG strategy and governance

Vision and values

GRI 2-6

Our vision is embedded into all our activities: We envision a world where everyone enjoys the delight of hearing and therefore lives a life without limitations. The Sonova core values provide the foundation for our corporate culture and drive all our actions. They are shared with all our employees in every brand and region of our global organization.

- **We care:** We care for our employees, customers, and consumers, as well as our shareholders and society.
- **We drive innovation:** We courageously pioneer new ideas and approaches to come up with impactful innovations, to delight customers and consumers.
- **We strive for excellence:** We act with agility. We aim to excel. We are continuously working on improving products, services, processes, and skills, to realize growth.
- **We take accountability:** We deliver on our commitments. We take accountability to provide outcomes in agreed quality and time, always acting with integrity.
- **We build the best team:** We team up. We grow talent. We collaborate with people of diverse backgrounds to win with the best team in the marketplace.

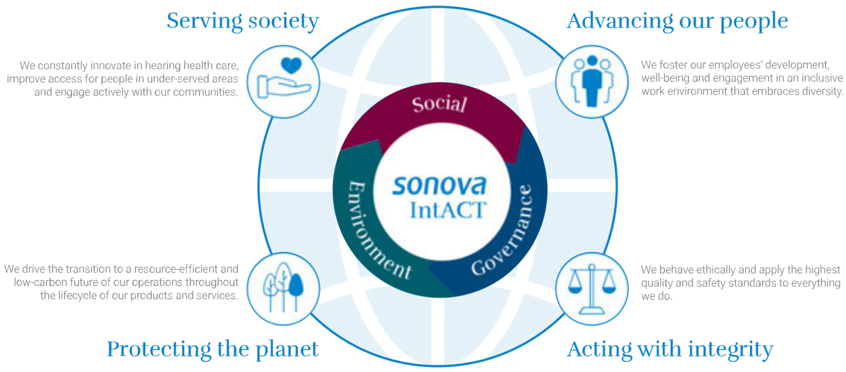
Our commitment to act responsibly and create long-term value for all our stakeholders is defined in our Sonova Group Code of Conduct and is deeply rooted in our corporate vision, values, and culture. More information about our strategy and our four businesses can be found in the Strategy and businesses section of our 2023/24 Annual Report.

ESG strategy and targets

SDG 12.6

Sonova's ESG strategy, *IntACT*, aligns our sustainability commitments into four strategic pillars: Protecting the planet, Serving society, Advancing our people, and Acting with integrity. The name *IntACT* emphasizes the ultimate goal – keeping our planet and people intact – and underlines the urgency to ACT.

- **Protecting the planet:** We drive the transition to a resource-efficient and low-carbon future of our operations throughout the life cycle of our products and services.
- **Serving society:** We constantly innovate in hearing health care, improve access for people in under-served areas, and engage actively with our communities.
- **Advancing our people:** We foster our employees' development, wellbeing, and engagement in an inclusive work environment that embraces diversity.
- **Acting with integrity:** We behave ethically and apply the highest quality and safety standards to everything we do.



Our sustainability management approach has defined tangible and measurable targets with firm dates for achievement and regularly assessed performance measurements. In the table below, we list our key ESG targets and progress under the four pillars of the *IntACT* strategy. More information about how we manage and govern, as well as our policies, targets, and performance measurements, is provided in the corresponding sections of this ESG Report.

Progress on key ESG targets

ESG target	ESG topic	Progress	2023/24 performance
Protecting the planet			
We reduce scope 1 and 2 greenhouse gas emissions by 78.3% vs. 2019 by 2032.	Climate change	On track	67% reduction in scope 1 and 2 CO_2e emissions vs. 2019
We reduce scope 3 greenhouse gas emissions by 32.5% vs. 2019 by 2032.	Climate change	On track	23% reduction in scope 3 CO_2e emissions vs. 2019
We reduce energy consumption per FTE by -10% vs. 2022 by 2027.	Climate change	On track	9% reduction in energy consumption per FTE vs. 2022
We reduce packaging waste by 20% vs. 2019 by 2023.	Circular economy	Not achieved	0.1% reduction in packaging weight vs. 2019
We reduce operational waste per FTE by 5% vs. 2022 by 2027.	Waste and pollution	On track	3.6% reduction in operational waste per FTE vs. 2022
We reduce water withdrawal per FTE by 5% vs. 2022 by 2027.	Water	Behind schedule	4.4% increase in water withdrawal per FTE vs. 2022
Serving society			
We increase unit sales of hearing aids in low- and middle-income countries by 50% vs. 2018/19 by 2023/24.	Access to hearing care	Not achieved	48.2% increase compared to 2018/19
We increase lives impacted by the Hear the World Foundation by 10% year-over-year.	Corporate citizenship	Achieved	41.2% increase compared to 2022/23
Advancing our people			
We increase the share of women in senior management to 35% by 2028/29.	Diversity and inclusion	On track	28.3% women in senior management vs. 22.0% in 2022/23
We increase the share of women in middle management to 50% by 2028/29.	Diversity and inclusion	On track	39.9% women in middle management vs. 36.4% in 2022/23
We maintain or improve our annual employee engagement score year-over-year.	Talent and engagement	Achieved	83% engagement rate in 2023/24 vs. 82% in 2022/23
We train >1,000 people leaders on Mental Health First Aid Conversations for Managers by 2024/25.	Employee wellbeing	On track	528 people leaders trained since 2022/23
Acting with integrity			
We improve product reliability rate by >20% year-over-year for hearing instruments.	Product quality and reliability	Not achieved	7% improvement of product reliability rate vs. 2022/23
We improve product reliability rate by >20% year-over-year for cochlear implants (externals).	Product quality and reliability	Not achieved	14% improvement of product reliability rate vs. 2022/23
We conduct at least one human rights impact assessment per year.	Human rights	Achieved	Two audits/impact assessments conducted in 2023/24
We achieve an annual on-time employee Code of Conduct training completion rate of >95%.	Business ethics and corporate governance	Achieved	97.4% on-time completion of annual Code of Conduct training
We conduct assessments of >90% of direct material suppliers with potential high ESG risk by 2023/24.	Sustainable supply chain	Achieved	100% of identified potential high ESG risk suppliers assessed

Key ESG targets as of 2024/25

ESG target	ESG topic
Protecting the planet	
We reduce scope 1 and 2 greenhouse gas emissions by 78.3% vs. 2019 by 2032.	Climate change
We reduce scope 3 greenhouse gas emissions by 32.5% vs. 2019 by 2032.	Climate change
We reduce energy consumption per FTE by 10% vs. 2022 by 2027.	Climate change
We reduce packaging material weight by 20% vs. 2023/24 by 2026/27.	Circular economy
We reduce operational waste per FTE by 5% vs. 2022 by 2027.	Waste and pollution
We reduce water withdrawal per FTE by 5% vs. 2022 by 2027.	Water
Serving society	
We increase unit sales of hearing instruments in low- and middle-income countries by 50% by 2024/25 vs. 2018/19.	Access to hearing care
We increase lives impacted by the Hear the World Foundation by 10% year-over-year.	Corporate citizenship
Advancing our people	
We increase the share of women in senior management to 35% by 2028/29.	Diversity and inclusion
We increase the share of women in middle management to 50% by 2028/29.	Diversity and inclusion
We maintain or improve our annual employee engagement score year-over-year.	Talent and engagement
We train >1,000 people leaders on Mental Health First Aid Conversations for Managers by 2024/25.	Employee wellbeing
Acting with integrity	
We improve product reliability rate by >20% year-over-year for hearing instruments.	Product quality and reliability
We improve product reliability rate by >20% year-over-year for cochlear implants (externals).	Product quality and reliability
We conduct at least one social audit per year.	Human rights
We achieve an annual on-time employee Code of Conduct training completion rate of >95%.	Business ethics and corporate governance
We conduct assessments of >90% of direct material suppliers with potential high ESG risk by 2023/24.	Sustainable supply chain

ESG governance

GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-16, GRI 2-17

Sonova has a defined governance structure for managing, improving, and reporting on our ESG performance. The ESG governance structure involves our shareholders at the Annual General Meeting, the Board of Directors, the Management Board and ESG Council, the Corporate Sustainability team, topic owners, and experts as well as local Group company representatives.

The Board of Directors bears overall responsibility for Sonova's strategic direction, including ESG strategy, key targets, and performance. The Board of Directors has reviewed and approved the annual ESG Report since the 2021/22 financial year. In the 2024 Annual General Meeting shareholders will, for the first time, be able to endorse the ESG Report in a non-binding advisory vote. The Board of Directors is also responsible for the approval of critical business policies, such as the Code of Conduct and the Human Rights Policy. The Board of Directors receives a monthly update from the CEO including updates on selected ESG topics, and ESG topics were on the agenda and discussed at most of the regular Board of Directors and committee meetings during

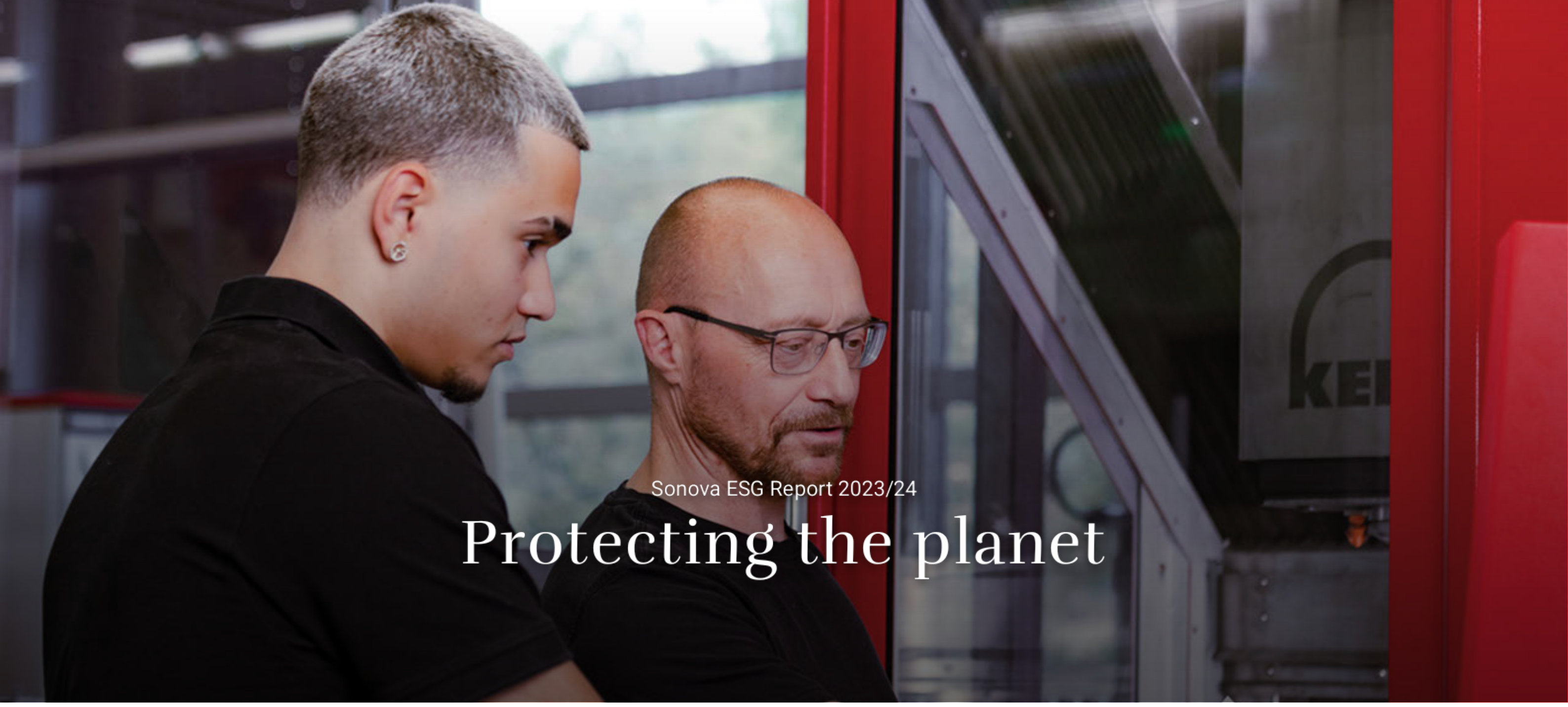
2023/24. During the 2023/24 financial year, critical ESG topics of specific relevance included ESG strategy and target review, the double materiality assessment, reporting and assurance, and progress on implementation of relevant regulations. The Board of Directors receives updates about Sonova's engagement with key stakeholders, including key investors, and also engages directly with them.

Two sub-committees of the Board of Directors, the Audit Committee and the Nomination and Compensation Committee, have specific responsibilities related to ESG. The Audit Committee reviews the performance and effectiveness of our external and internal audits, including the external limited assurance of the ESG Report. Quarterly, the Audit Committee is informed about critical concerns raised via SpeakUp, our internal and external anonymous whistleblowing platform. In the process of selecting potential Board candidates, the Nomination and Compensation Committee considers appropriate representation of ESG capabilities and experience across the Board. In addition, the Nomination and Compensation Committee reviews and approves ESG-related targets linked to the variable compensation for Management Board members. Sonova ensures that members of the Board of Directors are given appropriate introduction, orientation, and continuing training about their responsibilities.

Oversight of Sonova's activities across all material ESG topics lies with the Management Board, in addition to which responsibilities for specific ESG topics are assigned to individual members of the Management Board. ESG progress is regularly reviewed and discussed at Management Board meetings, and ESG targets have been an integrated element of each member's compensation since the 2020/21 financial year. ESG performance objectives represent 10% of the overall variable cash compensation (VCC) for each Management Board member. The performance objectives that must be met to achieve the target VCC are mutually agreed upon at the beginning of the financial year.

The ESG Council consists of the Sonova Group CEO, CFO, GVP Operations, GVP Human Resources Management & Communications, Group General Counsel & Compliance Officer, and the Director Corporate Sustainability; the council meets on a quarterly basis. The purpose of these meetings is to review the monthly development and implementation of Group ESG strategy, including its commitments and targets, and progress on ESG key performance measurements and initiatives, defining measures and assigning responsibility for actions. In addition to the quarterly meetings, the ESG Council members receive frequent updates on key ESG targets and performance development.

Sonova's Corporate Sustainability team, led by the Director Corporate Sustainability, provides expertise on ESG topics to the Management Board, implements and further develops ESG strategy and initiatives across Sonova, monitors progress, prepares quarterly ESG Council meetings, regularly engages with relevant internal and external stakeholders, and closely collaborates with ESG topic owners and functional/business experts, as well as local Group company representatives. These local representatives report data on ESG progress and performance to the Corporate Sustainability team and drive relevant ESG initiatives locally within a specified country or region.



Sonova ESG Report 2023/24

Protecting the planet

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

SDG 12.2

Sonova's commitment to reducing our environmental impact is reflected in our Corporate Environmental Policy, which substantiates our dedication to environmentally proactive behavior and defines the company's environmental management organization, responsibilities, and priorities. These priorities are: to reduce our climate impact while ensuring our resilience to the effects of a changing climate; to become more efficient in our energy usage while increasing the ratio of our renewable energy consumption; to reduce our waste and water withdrawal, along with the use of hazardous substances in our products and processes; and thereby to become a more circular company over time. As in previous years, no fines or non-monetary sanctions were levied against Sonova in 2023/24 for non-compliance with environmental laws or regulations.

We use environmental management systems (EMS), among other tools, to ensure that environmental considerations are taken into account when designing, manufacturing, and servicing products. Five out of our seven key operations and distribution centers have ISO 14001 certified EMS.

In February 2024, we opened our new North American operations center in Mexicali, Mexico, which was designed and built using the LEED (Leadership in Energy and Environmental Design) Standard.

EMS-certified sites

✓ Data externally assured (limited assurance)

Group companies	Group company type	EMS ISO 14001 certified
Sonova AG	Headquarters and operations center	Yes
Advanced Bionics LLC	Operations center	Yes
Sonova USA Inc.	Operations and distribution center	Yes
Sonova Hearing (Suzhou) Co., Ltd.	Operations center	Yes
Sonova Operations Center Vietnam Co., Ltd.	Operations center	Yes
Sonova Consumer Hearing Ireland	Operations center	No
Sonova North American Operations Center, S.A. de C.V.	Operations center	No

In terms of employee coverage, by the end of the 2023/24 financial year, 90% of the employees in key operations sites were covered by the ISO certified EMS. Sonova also strives to continuously improve the environmental performance of non-manufacturing sites by monitoring relevant consumption data and integrating measures to reduce our environmental footprint.

The following chapters cover the different topics of the Protecting the planet pillar of our *IntACT* ESG strategy:

- Climate change
- TCFD: Climate-related risks and opportunities
- Circular economy
- Waste and pollution
- Water
- Biodiversity

Climate change

Strategy, governance, and relevance

GRI 3-3

At Sonova, we acknowledge our responsibility to combat climate change. Multiple risks such as higher temperatures and extreme weather events related to climate change can negatively impact our business, along with wider society and nature. Our climate strategy addresses both mitigation of the causes of climate change and resilience to its effects, combining effective near-term actions to secure important long-term results. Sonova's climate strategy defines our overall approach to reducing greenhouse gas (GHG) emissions through four types of actions:

- **Measure** emissions and continuously improve the data quality;
- **Avoid** emissions by progressively adopting low-impact solutions;
- **Replace** energy sources with renewable ones;
- **Engage** and collaborate with partners along our value chain to reduce our GHG emissions.

Sonova's Board of Directors has ultimate oversight and responsibility for ESG, including climate change. The Board of Directors and its committees receive updates on climate change topics at most of their regular meetings, and also receive a monthly written update from the CEO on overall progress in selected ESG topics, including climate-related matters. On the Management Board level, responsibility for environmental sustainability is assigned to the GVP Operations, who monitors progress on a monthly basis. In addition, the ESG Council reviews progress against key targets, including scope 1-3 GHG emissions reductions and energy consumption. Within each region, dedicated environmental leaders are responsible for regional implementation of measures and discussion of progress with Group companies. This governance structure ensures global coherence in our approach toward GHG emissions reduction while allowing for targeted ad-hoc reduction activities relevant to the differing natures of each business unit.

Policies and actions

Climate action has been at the top of Sonova's environmental agenda for many years, in line with our corporate environmental policy. Key policy principles include continuous monitoring and improvement of our environmental objectives and performance across the Group; training our employees on the content and relevance of the policy while raising awareness on environmental topics; and consideration of environmental sustainability in business decisions and activities (such as product launches), facility construction and modifications, as well as mergers and acquisitions.

Sonova's action plan to reduce energy consumption and scope 1 and 2 emissions include such key measures as further adopting energy efficient practices in our buildings (i.e., by identifying heat and compressed air leakage), improving building automation systems, and optimizing electricity use in heating, ventilation, and air conditioning. We also intend to increase the share of low-emissions vehicles in our company car fleet, install additional charging stations for electric vehicles, further increase the use of public transport, and incentivize the use wherever possible of renewable energy for electricity, vehicles, and heating. In the 2023/24 financial year, we developed site-specific action plans for 30 Group companies and monitored their monthly progress.

Our action plan for scope 3 emissions focuses on purchased goods and services, transport and distribution, and business travel. These categories make up over 80% of Sonova's total scope 3 emissions along our value chain. Stakeholder engagement is the key to driving emissions reductions. We accelerated supplier engagement in 2023, working closely with our suppliers toward our shared goal of less impactful supply chains.

Performance measurements and targets

Energy

Key ESG target:
We reduce our energy consumption per employee by 10% vs. 2022 by 2027.

Last year, we set a new target to reduce our energy consumption per employee by 10% from 2022 levels by the end of 2027. The 2022 baseline value was 6.87 MWh/FTE and the target value was therefore set at 6.18 MWh/FTE. In 2023, we achieved a reduction of 9% compared to 2022, representing an energy intensity of 6.22 MWh/FTE. This substantial reduction is largely attributable to lower heating energy requirements due to mild weather, along with various energy saving initiatives mainly in Audiological Care Group companies. Moreover, overall FTEs have increased with the integration of HYSOUND.

GRI 302-3

Energy audits across Sonova's key sites
We completed eight energy audits in as many sites during the past year to identify effective energy reduction strategies. The audits led to more than 50 identified measures with a total potential savings of more than 6,000 MWh per year, including both electricity and natural gas savings. Of these measures, eight have been implemented by the end of the 2023/24 financial year, and four are in progress.

Energy intensity

✓ Data externally assured (limited assurance)

MWh relative to million CHF net revenue and MWh relative to FTE[1]

	2023	2022 [2]	2021 [2]
Total energy consumption	110,425	116,793	97,215
Net revenues	3,627	3,738	3,364
FTE	17,757	17,002	15,229
Energy intensity relative to revenues	**30.4**	**31.2**	**28.9**
Energy intensity relative to FTE	**6.22**	**6.87**	**6.38**

1) For restatements and calculation boundaries information please refer to the Basis for preparation chapter.
2) 2022 figures do not include HYSOUND. 2021 figures do not include Consumer Hearing business, Alpaca Audiology or HYSOUND.

The total energy consumption of the Sonova Group in 2023 was 110,425 MWh, down 5% compared to the previous year. 54% represented electricity consumption (for buildings and electric vehicles), 25% was for heating (fuel oil, natural gas, biogas, and district heating), and 21% represented vehicle fuel (diesel, gasoline, liquefied petroleum gas, ethanol). Our Audiological Care business represented 53% of Sonova's overall energy consumption, the Hearing Instrument business accounted for 29%, and smaller proportions – 9%, 6%, and 3% – are attributable respectively to the Cochlear Implants business, shared business functions (e.g., headquarters, operations and repair centers, and other Group companies that perform tasks for multiple business units), and the Consumer Hearing business. The main contributors to the overall consumption decrease have been mild winters which, in combination with energy efficiency initiatives taken both within Audiological Care and larger sites in the Hearing Instruments and shared business functions facilities, reduced Sonova's heating energy consumption by 21%.

GRI 302-1

SDG 7.3

Total and onsite energy consumption

✓ Data externally assured (limited assurance)

MWh[1]

	2023[1]	2022[1]	2021[1]
Total energy consumption	**110,425**	**116,793**	**97,215**
Onsite energy generation[1]	**2,043**	**1,603**	**786**
% of onsite energy generation over total energy consumption	1.9%	1.4%	0.8%

1) Only 2023 data part of the 2023/24 external assurance. For restatements and calculation boundaries information please refer to the Basis for preparation chapter.

SDG 7.2, SDG 9.4

Renewable energy represented 56% of Sonova's overall energy consumption in 2023, increasing by 4 percentage points compared to 2022. Our renewable energy derived from hydro (52%), solar (17%), wind (10%), biomass / biogas (3%), geothermal sources (>1%), and mixed sources (17%) where the renewable energy source detail is not available. We are committed to keep increasing the share of renewable energy in our total consumption.

We source 100% electricity from renewable sources following a three-fold approach. Firstly, we invest in onsite electricity generation. 1.9% of our total energy consumption was produced onsite thanks to the solar panels installed at our premises in Alicante (Spain), Ho Chi Minh City (Vietnam), Suzhou (China), and Murten and Stäfa (Switzerland). In absolute terms, onsite energy generation increased by 27% (+440 MWh) in 2023 compared to 2022. Where onsite generation is not yet feasible, Group companies are prompted to locally source certified renewable electricity. In 2023, 39% (23,293 MWh) of the total electricity consumption was sourced locally via bundled certified renewable electricity. Lastly, for all those Group companies where renewable energy is not yet used or available, Sonova purchases unbundled Energy Attribute Certificates, which amounted to 58% (34,317 MWh) of total electricity consumption for the calendar year.

Energy mix

✓ Data externally assured (limited assurance)

MWh[1]

	2023	2022[2]	2021[2]
Total energy consumption	**110,425**	**116,793**	**97,215**
Non-renewable energy consumption	**49,081**	**55,814**	**44,625**
Crude oil and petroleum products	23,280	-	-
Natural gas	21,897	-	-
Purchased electricity, heat, steam, or cooling from fossil sources	3,904	-	-
Renewable energy consumption	**61,344**	**60,979**	**52,590**
Share of renewable energy	56%	52%	54%

1) For restatements and calculation boundaries information please refer to the Basis for preparation chapter.
2) Breakdown of non-renewable energy sources reported as of 2023.

Sonova's electricity consumption remained stable compared to 2022. Our Audiological Care business consumed the most electricity, followed by the Hearing Instruments business, mainly due to the large footprint of the store network, along with operations and distribution centers. The Hearing Instruments business accounts for 51% of the vehicle fuel consumption, followed by Audiological Care representing 44%.

Energy consumption by business

✓ Data externally assured (limited assurance)

MWh[1]

	2023[1]			2022[1]			2021[1]		
	Vehicle Fuels [2]	Heating [3]	Electricity	Vehicle Fuels[4]	Heating[5]	Electricity	Vehicle Fuels[6]	Heating[7]	Electricity
Total	**22,870**	**27,902**	**59,653**	**21,915**	**35,301**	**59,577**	**18,055**	**28,416**	**50,744**
Hearing Instruments business	11,713	2,297	18,557	11,142	2,801	19,199	8,273	3,071	18,885
Audiological Care business	9,961	21,814	27,173	9,090	28,426	26,351	8,655	21,316	19,695
Consumer Hearing business	501	504	2,101	359	617	2,172	n/a	n/a	n/a
Cochlear Implants business	684	1,936	6,901	1,315	1,634	6,915	1,114	1,785	7,213
Shared business functions	11	1,351	4,921	9	1,823	4,939	13	2,244	4,952

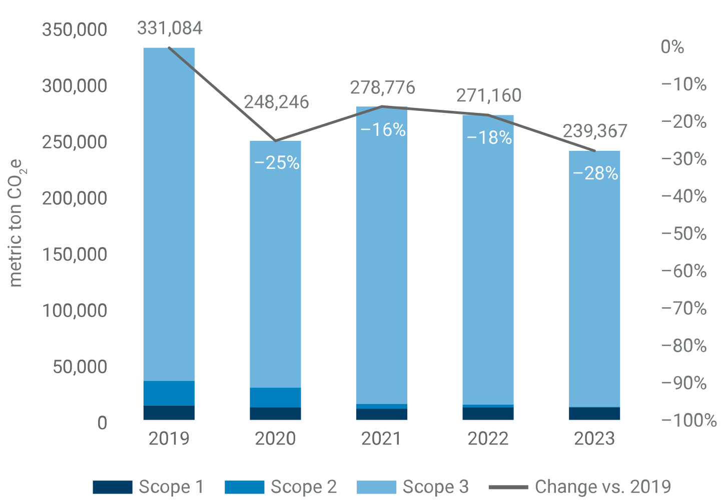
1) For restatements and calculation boundaries information please refer to the Basis for preparation chapter. Only 2023 data part of the 2023/24 external assurance.
2) 2023 sources: 75% gasoline, 25% diesel, <1% liquefied propane gas, <1% ethanol.
3) 2023 sources: 78% natural gas (75% within scope 1, 3% within scope 3 - cat. 8), 14% district heating (scope 2), 6% biogas (scope 1), 1% fuel oil (scope 1).
4) 2022 sources: 61% gasoline, 38% diesel, 1% liquefied propane gas, <1% ethanol.
5) 2022 sources: 82% natural gas (78% within scope 1, 4% within scope 3 - cat. 8), 12% district heating (scope 2), 4% biogas (scope 1), 1% fuel oil (scope 1).
6) 2021 vehicle fuels consumption sources: 70% diesel, 29% gasoline, 1% liquified propane gas, <1% ethanol.
7) 2021 sources: 70% diesel, 29% gasoline, 1% liquified propane gas, <1% ethanol.

Greenhouse gas (GHG) emissions

Key ESG targets:
We reduce scope 1 and 2 greenhouse gas emissions by 78.3% vs. 2019 by 2032.*
We reduce scope 3 greenhouse gas emissions by 32.5% vs. 2019 by 2032.*

* Approved by the Science Based Targets initiative (SBTi) in 2023. The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

Total GHG emissions 2019 – 2023



GRI 3-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4

TCFD-MET-a, TCFD-MET-b, TCFD-MET-c

In 2023, the Science Based Targets initiative (SBTi) approved our near-term science-based targets, which guide our GHG emissions reduction efforts: our goal is to decrease our combined absolute scope 1 and 2 emissions by 78.3% by 2032, from 34,747 metric tons of CO_2-equivalents (t CO_2e) in 2019, and by 32.5% for our scope 3 emissions until 2032, from 296,337 t CO_2e in 2019. During 2023, we continued to make progress on our journey towards the decarbonization of our operations and value chain. In 2023, our scope 1 and 2 emissions dropped by 67% (–23,157 t CO_2e)

compared to 2019 and by 16% (–2,194 t CO_2e) compared to 2022. Scope 3, which covers more than 95% of Sonova's overall emissions, decreased by 23% (–68,560 t CO_2e) compared to 2019, and by 12% (–29,598 t CO_2e) compared to 2022. Our total 2023 scope 1-3 GHG emissions amounted to 239,367 t CO_2e, a decrease of 12% compared to the previous year, and 28% vs. 2019. The key reasons for the reductions in scope 1, 2, and 3 GHG emissions compared to the previous years were a decrease of emissions from purchased goods and services, a shift from air to sea and ground freight for large shares of the Consumer Hearing business, increased use of renewable electricity, and reduced heating consumption. Total GHG emission intensity decreased to 66 t CO_2e per million CHF revenues for 2023, compared with 70.5 in the prior year.

GHG emissions – Scope 1-3

✓ Data externally assured (limited assurance)

metric tons CO_2e[1]

	2023	2022[2]	2021[3]	2020[4]	2019
Scope 1-3	**239,367**	**271,160**	**278,776**	**248,246**	**331,084**
Scope 1-2	**11,590**	**13,784**	**14,372**	**28,621**	**34,747**
Scope 1	10,889	11,271	9,942	11,256	12,828
Scope 2 (market based)	701	2,514	4,430	17,365	21,919
Scope 3	227,777	257,375	264,404	219,625	296,337

1) For restatements and calculation boundaries information please refer to the Basis for preparation chapter.
2) 2022 values restated: scope 2 increased by 240% (+1,775 t CO_2e) due to the integration of HYSOUND.
3) 2021 values restated: scope 2 increased by 49% (+1,453 t CO_2e) due to the integration of HYSOUND.
4) 2020 values restated: scope 3 decreased by -10% (-23,578 t CO_2e) due to methodological improvements.

GHG emission intensity

✓ Data externally assured (limited assurance)

metric tons CO_2e relative to million CHF revenue[1]

	2023	2022[2]	2021[2]
Net revenues	3,627	3,738	3,364
Total scope 1-2 GHG emissions	11,590	12,004	10,037
Scope 1-2 GHG emission intensity	**3.2**	**3.2**	**3.0**
Total scope 1-3 GHG emissions	239,367	263,560	191,142
Scope 1-3 GHG emission intensity	**66.0**	**70.5**	**56.8**

1) For restatements and calculation boundaries information please refer to the Basis for preparation chapter.
2) 2022 GHG emissions do not include HYSOUND and 2021 GHG emissions do not include HYSOUND, Consumer Hearing business and Alpaca Audiology to maintain consistency between net revenues and GHG emissions during these reporting periods.

N_2O and CH_4 emissions from biogenic sources are included in scope 1, while the related GHG emissions are excluded in accordance with the GHG Protocol. Outside-of-scope CO_2e emissions from biogenic sources increased by 21% compared to 2022 due to the proportional increase in biogas consumption. Scope 2 emissions were calculated using the market-based approach in accordance with the GHG Protocol scope 2 guidance. When reported according to the location-based approach, Sonova's scope 2 emissions increased by 4% compared to 2022.

Additional GHG emission information

✓ Data externally assured (limited assurance)

t CO_2e[1]

	2023[1]	2022[1]	2021[1]
Total location based scope 2 emissions	18,917	18,196	17,313
Total outside-of-scope emissions	337	279	367

1) For restatements and calculation boundaries information please refer to the Basis for preparation chapter. Only 2023 data part of the 2023/24 external assurance.

Scope 1 and 2 GHG emissions

Scope 1 emissions are direct GHG emissions related to company vehicles, stationary combustion (e.g., heating), and fugitive emissions (e.g., from refrigerants), while scope 2 emissions relate to indirect GHG emissions (e.g., from electricity consumption and district heating). Sonova Group's absolute scope 1 and 2 GHG emissions decreased by 16% (–2,194 t CO_2e) compared to the previous year.

In 2023, overall scope 1 GHG emissions decreased by 3% (–382 t CO_2e) compared to 2022, mainly due to the reduction of GHG emissions-intensive heating consumption. Emissions deriving from Sonova's car fleet remained stable (+1%) although there was an increase in the number of kilometers driven and the number of vehicles. Our global car policy limits the CO_2e per km emitted to 95 grams for newly purchased or leased cars. Hybrid and electric vehicles now constitute more than 40% of Sonova's car fleet, compared to about 20% last year and only 8% in 2021.

Throughout the past year, scope 2 emissions declined by 72% (–1,813 t CO_2e) from 2022. The reduction stems mainly from switching to renewable electricity for acquired Group companies, in this case HYSOUND. Since 2022, we also source renewable electricity for our global vehicle fleet. The remaining 701 tons in scope 2 derive from the use of district heating in northern European countries.

Sonova's commitment to operating carbon neutral operations (scope 1 and 2) remains intact. We source 100% renewable electricity and purchase carbon credits to offset the remaining emissions in scope 1 and 2. We have contractual agreements in place until the end of 2025 to support three projects for which carbon credits are generated: hydro power in China, solar power in Vietnam, and forest protection in the Brazilian Amazon. All three projects are either verified by the Gold Standard or VCS (Verified Carbon Standard), two of the world's most widely used verifying bodies for carbon credits.

Scope 1 and 2 GHG emissions[1]

✓ Data externally assured (limited assurance)

metric tons CO_2e[1]

	2023			2022[2]			2021[3]		
	Scope 1-2	Scope 1	Scope 2	Scope 1-2	Scope 1	Scope 2	Scope 1-2	Scope 1	Scope 2
Total	**11,590**	**10,889**	**701**	**13,784**	**11,271**	**2,514**	**14,372**	**9,942**	**4,430**
Hearing Instruments business	3,748	3,713	34	3,295	3,253	42	2,777	2,728	49
Audiological Care business	6,940	6,301	639	9,461	7,026	2,434	9,588	6,179	3,409
Consumer Hearing business	230	224	6	211	207	4	1,199	261	938
Cochlear Implants business	552	547	5	664	659	5	655	651	5
Shared business functions	121	104	17	154	125	29	153	124	29

1) For restatements and calculation boundaries information please refer to the Basis for preparation chapter.
2) 2022 values restated: scope 2 increased by 240% (+1,775 t CO_2e) due to the integration of HYSOUND.
3) 2021 values restated: scope 2 increased by 49% (+1,453 t CO_2e) due to the integration of HYSOUND.

Scope 3 GHG emissions

Sustaining a sharp focus on reducing scope 3 emissions is crucial for Sonova, as our value chain accounts for 95% of our total GHG emissions in 2023. More than 90% of our total scope 3 GHG emissions derive from the following scope 3 categories: purchased goods and services, transport and distribution, employee commuting, and business travel.

Sonova's scope 3 emissions decreased by 12% (–29,598 t CO_2e) in 2023 compared to the previous year. This decrease mainly stems from purchased goods and services, transport and distribution, and fuel-and energy-related activities as a consequence of our reduced energy consumption.

Scope 3 GHG emissions[1]

✓ Data externally assured (limited assurance)

metric tons CO_2e[1]

	2023	2022	2021	2020	2019
Scope 3	**227,777**	**257,376**	**264,404**	**219,625**	**296,337**
Category 1: Purchased goods and services	130,241	155,003	164,669	133,151	168,583
Category 2: Capital goods	2,605	2,124	2,353	1,352	3,073
Category 3: Fuel- and energy-related activities (not included in scope 1 and 2)	7,375	9,284	8,717	7,220	8,076
Categories 4 and 9: Upstream and downstream transportation and distribution	47,992	49,991	54,695	44,986	57,235
Category 5: Waste generated in operations	541	467	630	1,089	1,246
Category 6: Business travel	11,643	12,183	4,363	5,878	23,524
Category 7: Employee commuting	21,079	21,557	21,338	18,229	26,986
Category 8: Upstream leased assets	438	851	1,165	1,280	1,419
Category 11: Use of sold products	2,758	3,041	3,700	4,015	3,588
Category 12: End-of-life of sold products	2,753	2,601	2,677	2,334	2,521
Category 15: Investments	353	276	97	93	87

1) For restatements and calculation boundaries information please refer to the Basis for preparation chapter.

Category 1: Purchased goods and services

The largest source of Sonova's GHG emissions is the procurement of direct and indirect materials and services. In 2023, 57% of scope 3 emissions arose from purchased goods and services. These emissions mainly originate from the procurement of electronic components such as chargers, printed circuit boards, batteries, microphones and receivers, transistors, and packaging. Category 1 emissions decreased in 2023 by 16% (–24,762 t CO_2e) compared to 2022. The majority of the reduction stems from direct material purchases by the Hearing Instruments and Cochlear Implants businesses (–10,773 t CO_2e) and overall Group indirect purchases of materials and services (–9,370 t CO_2e).

Category 4 and 9: Transportation and distribution

Categories 4 and 9 include GHG emissions arising from the transport from supplier facilities to our operations centers, intercompany transportation, and from our distribution centers to audiological care stores (owned and third-party) or other customers. Sonova's GHG emissions from transport and distribution decreased by 4% compared to 2022. The main driver of the reductions has been the increased use of shipping by ground and sea instead of air. These changes helped us to reduce emissions despite the fact that overall shipping volumes by weight increased by 26% in 2023 vs. 2022. Sonova remains committed to switch to lower-polluting modes of transportation where this is feasible. We continue to work towards further reductions in packaging weight and volume, and are revisiting our global distribution network to shift towards more regional sourcing to reduce transportation distances and enhance our supply chain resilience.

Category 6: Business travel

Category 6 includes emissions deriving from air travel and car allowances. Air travel accounts for 98% of business travel emissions. Compared to 2022, our GHG emissions from business travel decreased by 4% (–540 t CO_2e), representing an overall decrease of 51% (–11,881 t CO_2e) compared to the pre-COVID level of 2019.

Category 7: Employee commuting

Sonova's GHG emissions from employee commuting slightly decreased by 2% compared to 2022 (–478 t CO_2e). During the 2023/24 financial year, Sonova maintained the hybrid working guidelines for office-based employees that were rolled out across the Group in the 2022/23 financial year. Local commuting options differ greatly from region to region, so localized solutions are essential for minimizing commuting related GHG emissions. Several Group companies have diverse initiatives in place to promote more environmentally friendly commuting. These include financial incentives to use public transport, installment of charging stations for electric vehicles, and awareness campaigns.

TCFD: Climate-related risks and opportunities

The following section is structured to align with the framework recommended by the Task Force on Climate-Related Financial Disclosures (TCFD): governance, strategy, risk management, and metrics and targets.

Governance

TCFD-GOV-a, TCFD-GOV-b

The Sonova Board of Directors has ultimate oversight of and responsibility for climate-related risks and opportunities. More information on Board oversight and the role of management is provided in the Strategy, governance, and relevance section of the Climate change chapter.

Strategy

TCFD-STR-a, TCFD-RMA-a

Since the 2021/22 financial year, Sonova has adopted a systematic approach to climate-related risks and opportunities, performing an analysis to identify potentially relevant climate-related risks and opportunities over the short (to 2025), medium (to 2030), and long term (to 2050). This analysis currently covers nine countries in different regions where Sonova has operations and stores. We use two different scenarios in a qualitative and quantitative climate-related scenario analysis to assess potential impact on Sonova's business and resilience:

- A high-mitigation i.e., below 2°C warming scenario to assess risks related to the transition to a low-carbon future; and
- A business as usual i.e., 4°C warming scenario to capture the physical risks associated with the intensification of widespread climate hazards.

Sonova used the International Energy Agency (IEA) Stated Policies Scenario (IEA STEPS), the Sustainable Development Scenario (IEA SDS), the Net Zero Emissions by 2050 scenario (IEA NZE), as well as the Representative Concentration Pathway (RCP) 8.5 scenario.

To identify potential physical and transition risks and opportunities across Sonova's operations and value chain, we interviewed relevant internal stakeholders. Organizing the results of these interviews using the EU Taxonomy's classification of climate-related hazards (2021), we identified seven physical risks to which Sonova would be most vulnerable. To identify risks and opportunities specific to transition, we screened five areas of interest – policy, legal, technology, market, and reputation – all in the context of the transition to a low-carbon economy. We identified four transition risks and two opportunities as potentially relevant for Sonova, leading to a total of thirteen potential climate-related risks and opportunities.

TCFD – Potential climate-related risks and opportunities

Category	Type	Description	Explanation
Physical risk	Acute	Heatwaves and extreme temperatures	Prolonged periods of abnormally hot weather
Physical risk	Acute	Wildfires	A large, destructive fire that spreads quickly over woodland or brush
Physical risk	Acute	Extreme cold	A spell of cold weather over a wide area
Physical risk	Acute	Heavy precipitation and flooding	The covering or submerging of normally dry land with a large amount of water
Physical risk	Acute	Heavy winds and storms	A violent disturbance of the atmosphere with strong winds and usually rain, lightning, thunder, or snow
Physical risk	Acute	Tropical cyclones	A localized, very intense low-pressure wind system, forming over tropical oceans accompanied by strong rainfall and winds
Physical risk	Chronic	Sea level rise and coastal flooding	An increase in the level of the world's oceans due to the effects of global warming
Transition risk	Policy & legal	Carbon pricing schemes	Carbon pricing schemes for the building sector

Transition risk	Policy & legal	Net zero retrofit requirements	Net zero retrofit requirements for commercial buildings (incl. rented facilities)
Transition risk	Policy	Scope 3 reduction challenges	Lack of stringent policies to constrain suppliers to use low-carbon energy sources, thereby putting our scope 3 target potentially at risk
Transition risk	Policy	Increase in airfares	Potential cost increases for air travel resulting from carbon schemes and more stringent policy requirements
Transition opportunity	Market	Energy savings due to net zero retrofits	Energy savings due to net zero retrofits and consumption of energy from low-carbon sources
Transition opportunity	Market	Electrification of transportation sector	Cost savings due to the electrification of transportation sector as fuel costs increase

As a next step, we performed a country-by-country analysis for the identified potential physical risks by reviewing literature on the latest climate-science and relevant climate policies. This analysis gave us insights into expected changes in risks and opportunities during the medium-term (to 2030) and long-term (to 2050) compared to the baseline period for each country considered. The results showed that the physical hazards in the long-term represent a higher risk than those in the medium-term. The table below therefore highlights the long-term identified changes (2050 vs. baseline).

TCFD – Generic country-level analysis of physical risks (projected change until 2050 vs. baseline)

Country	Heatwaves and extreme temperatures	Wildfires	Extreme cold	Heavy precipitation and flooding	Heavy winds and storms	Tropical cyclones	Sea level rise and coastal flooding
Vietnam	Not relevant	Not relevant	Not relevant	Very high	Not relevant	Low	Very high
United States	Very high	Very high	Low	Not relevant	High	Not relevant	Not relevant
China	Not relevant	Not relevant	Not relevant	High	Low	Low	Not relevant
Switzerland	Very high	Not relevant	Low	Not relevant	Low	Not relevant	Not relevant
Germany	Very high	Not relevant	Low	Not relevant	Low	Not relevant	Not relevant
United Kingdom	Very high	Not relevant	Low	Not relevant	Low	Not relevant	Not relevant
Canada	Very high	Not relevant	Low	Not relevant	Not relevant	Not relevant	Not relevant
Australia	Not relevant	High	Not relevant	Moderate	Not relevant	High	High
Brazil	Not relevant	Not relevant	Not relevant	Moderate	Not relevant	Not relevant	High

[1] The risks are classified based on the projected changes until 2050 vs. baseline: Low = below 10%, moderate = 10-20%, high = 20-30%, very high = above 30%. The baseline period 1976 – 2005 was derived from the Coupled Model Intercomparison Project Phase 5 (CMIP5) data set. Where the supporting literature used different baselines or different future timeframes, we adjusted the baselines and/or the relative change accordingly.

For the transition risks and opportunities, we determined their likelihood and affect on Sonova in the short-term (2025), medium-term (2030) and long-term (2050). The scenarios we used in this analysis are: the IEA STEPS, which projects a temperature increase of approximately 3°C by 2100 based on the current GHG emissions growth rate; the IEA SDS, which predicts global warming to be 1.75°C assuming that strong international policy supports the transition to a low-carbon economy; and the IEA NZE net zero by 2050 scenario. We also reviewed national scenarios, policies, and long-term strategies for each of the countries we assessed. The risks and opportunities were assigned a qualitative rating based on Sonova's footprint within each jurisdiction and the likelihood that the identified topics would materialize. The matrix below shows the highest risks and opportunities that were identified across all timeframes (2025, 2030, and 2050) and scenarios on which they are based.

The results show a low risk in most cases, except for 1) challenges that Sonova may face in reducing scope 3 emissions, especially for suppliers in China, due to relatively underdeveloped regulatory frameworks that fail to stimulate emissions reductions at the desired rate; 2) potential increases in Sonova's operating costs from stricter aviation sector policies resulting in higher air-transportation fares; and 3) risks related to carbon pricing schemes in Australia and Brazil. The assessment also identified potential opportunities from governmental incentives and support to further reduce emissions in the building sector.

TCFD – Generic country-level analysis of transition risks and opportunities (combined 2025, 2030, and 2050 scenarios)

Country	Carbon pricing schemes	Net zero retrofit requirements	Scope 3 reduction challenges	Increase in airfares	Energy savings due to net zero retrofits or electrification of transportation sector
Vietnam	Not relevant	Low	Not relevant	Not relevant	Low
United States	Not relevant	Low	Not relevant	Not relevant	High
China	Not relevant	Low	High	Not relevant	Medium
Switzerland	Low	Low	Not relevant	High	High
Germany	Low	Low	Low	High	Low
United Kingdom	Low	Low	Not relevant	High	Low
Canada	Not relevant	Low	Not relevant	Not relevant	Low
Australia	Very High	Very High	Not relevant	Not relevant	Very High
Brazil	Very High	Not relevant	Not relevant	Not relevant	Not relevant

To better understand how potential physical climate-related risks could affect Sonova's operations and business in the long-term (2050), we performed a site-level assessment of the four physical risks that scored very high in the country-level assessment. The concrete potential impacts on Sonova are summarized in the table below. The continued execution of Sonova's omnichannel strategy, which includes increased online sales and service presence, can help to mitigate some of the identified physical climate risks and strengthen resilience. Physical climate risks are also considered when opening new facilities and in the design of our supply chain.

TCFD – Summary of Sonova-specific site-level analysis[1]

Potential risk	Country	Potential threat
Heatwaves and extreme temperatures	United States, United Kingdom, Germany, Canada	The frequency and duration of heatwaves are projected to increase significantly, especially in the south and east of the US. Heatwaves may cause higher cooling costs and increase heat stress conditions for employees and consumers. As elderly people are the most common demographic that experiences hearing loss and are also most affected by heat stress during heatwaves, they may not come to the stores, thereby affecting sales.
Wildfires	United States	Average and maximum temperatures during wildfire season are projected to increase significantly, which leads to an increased risk in wildfires that may affect our production sites in California.
Heavy precipitation and flooding	Vietnam	Heavy precipitation is expected to increase substantially in the Ho Chi Minh City region, which may cause supply chain and operational interruptions in our operations center due to flash and sustained flooding.
Sea level rise and coastal flooding	Vietnam	As our operations center in Vietnam is located far inland, the projected sea level rise and coastal flooding is expected to pose no substantial risk.

1) For this assessment, we used various datasets derived from General Circulation Model (GCM) and simulations conducted under the Coupled Model Intercomparison Project, Phase 5 (CMIP5).

We provisionally quantified the potential financial impact of two of these climate-related risks: increased heavy precipitation and flooding near of our operations centers in Vietnam and China (a physical risk that could cause supply chain and operational interruptions), and increasing air-transportation fares due to carbon schemes and more stringent policies (a transition risk).

TCFD-STR-b, TCFD-STR-c

SDG 13.1

Our assessment suggested that the flood risk to our operations centers in Vietnam and China is not projected to increase; moreover, local teams already have precautions in place for potential adverse weather events. The focus of our analysis therefore shifted to the flooding risk to the most critical suppliers for each operations center in Vietnam and China: the results showed that four supplier locations are at risk for river flooding and two supplier locations are at risk of coastal flooding. We calculated the potential financial impact on Sonova based on the suppliers' estimated forced operational downtime, impact of supply shortage on our stock levels of key components, and revenue impact based on number of days the operations centers would not be able to produce goods. The assessment showed that there is a low risk today, in 2030, and in 2050 – in both the 2°C high mitigation and 4°C business as usual scenarios.

The second risk we analyzed was a transition risk: the potential financial impact of increasing carbon prices on air-transportation cost in Switzerland, Germany, and the United Kingdom: the three countries where we calculated the highest potential risk. We included both business-related air travel and air freight in our analysis, modelling a range of scenarios based various assumptions about regional carbon price developments, the aviation sector decarbonization path, development of global warming, Sonova's business growth, and our own greenhouse gas reduction pathway. The analysis showed that potential financial impacts from air freight are higher than those related to air travel. We further found that achieving our current science-based target would lower our potential carbon costs by 70% compared to a business as usual trajectory.

Risk management

TCFD-RMA-b, TCFD-RMA-c

Sonova uses a variety of methods to identify and assess climate-related risks and opportunities, including desk research, interviews, climate expert advisory, qualitative and quantitative scenario analysis, and financial quantification. We use a phased, risk-based approach and try to focus our efforts on areas with highest potential risks and opportunities. Outcomes from the assessment are presented to relevant internal stakeholders and accountability for mitigation measures is assigned accordingly. The results of the climate-related risk assessment feed into Sonova's overall strategic risk management process together with all other business risks.

Metrics and targets

Information on scope 1, 2, and 3 GHG emissions, related risks, as well as climate targets and performance are described in the Performance measurements and targets section of the Climate change chapter in this ESG Report. To date, Sonova is focusing on climate change mitigation and has not yet set any further public targets related to how we manage climate-related risks and opportunities.

Circular Economy

SDG 12.2

At Sonova, we support the transition towards a circular economy by optimizing design for recycling, minimizing the extraction and consumption of natural resources, and addressing end-of-life treatment. Thanks to cross-functional efforts, Sonova has fostered circularity by reducing packaging waste, enhancing product reliability, and optimizing servicing processes.

Packaging and distribution

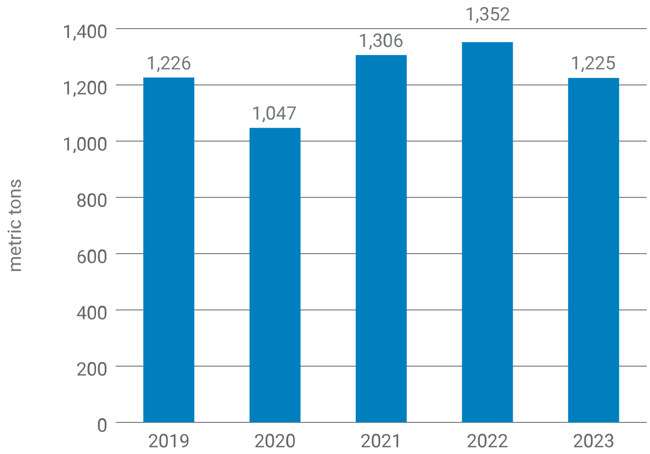
Key ESG target:
We reduce packaging waste by 20% by weight vs. 2019 baseline* by the end of 2023.

*Includes transport packaging (excl. external distribution centers) and hearing instruments product packaging.

We are committed to reducing the environmental impact of our packaging. Our target was to reduce by the end of 2023 our transport and hearing instrument product packaging waste by 20% by weight compared to our 2019 baseline. We did not meet this ambitious target: overall, we reduced packaging compared to 2019 by 0.1%. Keeping absolute packaging weight flat despite solid business growth over the past four years can be considered a good achievement, and compared to the previous year we made substantial improvements and reduced the total packaging weight by 9.4%. This was achieved by eliminating layers of transportation boxes, standardizing order quantities, bundling shipments, and innovating product packaging for new product lines. We also trialed reusable shipping boxes but have currently put the project on hold due to increased potential CO_2 impact.

We remain committed to reducing our packaging waste and have therefore set a new target: by the end of the 2026/27 financial year, we aim to reduce the packaging waste from our Hearing Instruments product and transport packaging by weight by 20% compared to the 2023/24 financial year. Our continued focus on decreasing packaging weight supports Sonova's ambition to curb greenhouse gas emissions from transport and distribution.

Packaging weight



Packaging

✓ Data externally assured (limited assurance)

metric tons[1]

	2023	2022	2021
Packaging weight	1,225	1,352	1,306

1) For restatements and calculation boundaries information please refer to the Basis for preparation chapter.

Packaging Kaizen focused on transport packaging
During the 2023/24 financial year we held two week-long cross-functional Kaizen workshops in our operations centers. The focal points of the two workshops were product packaging on one side, and transport packaging on the other. While the product packaging team was able to deliver significant results yet to be integrated across the Group operations, the transport packaging team implemented a reduction in packaging weight by more than half (for the packaging in scope) by eliminating packaging layers, while also reducing costs in the material handling process. The improvements generated by these workshops will be applied at the other Hearing Instruments operations centers through improved packaging solutions.

Product use, repair, and refurbishment

Newly launched standard operating procedures for service have further integrated service and repairs into the Hearing Instruments product development process. We also launched several projects to extend the lifecycle of our products and components e.g., optimizing spare parts usage of electronic modules, extending repair services, testing used devices, and enhancing reliability. Each improvement in product reliability leads to several associated, positive environmental impacts e.g., less material use for replacements, less transportation to our repair centers, and fewer trips by consumers to return devices. As an example, the service rate for the rechargeable Audéo Lumity hearing aid was 17% lower than that of the previous generation Audéo Paradise one year after their respective launches. We have also rolled out proprietary diagnostic equipment across all Sonova Service Centers to test the functionality of our hearing instrument chargers, thereby decreasing the number of chargers that need replacement rather than repair.

We have expanded our rechargeable product portfolio in the 2023/24 financial year. Rechargeable batteries, by reducing the use of disposable batteries, help to conserve precious materials and reduce waste. Since 2016, Sonova's Hearing Instrument brands have continuously expanded their portfolios of hearing aids with a lithium-ion rechargeable battery. In the 2023/24 financial year, 63% of total behind-the-ear (BTE) and receiver-in-canal (RIC) hearing instruments sold were rechargeable, representing an increase of 7% over the 2022/23 financial year. Advanced Bionics also offers rechargeable battery options for cochlear implant sound processors.

Rechargeable Hearing Instrument devices

✓ Data externally assured (limited assurance)

in %[1]	2023/24[1]	2022/23[1]	2021/22[1]
% of total sold RIC and BTE hearing instruments being rechargeable	63%	59%	56%

1) Only data from financial year 2023/24 part of the external assurance.

Product end of life

SASB HC-MS-410a.2

Sonova complies with the EU directive on Waste Electrical and Electronic Equipment (WEEE), which requires such equipment to be returned to the manufacturer for recycling or environmentally friendly disposal. Selected Sonova Group companies in the Audiological Care business offer battery collection programs, which enables consumers to bring their used hearing aid batteries back to the store. The batteries collected are disposed of through officially authorized disposal agents. In 2023, more than three metric tons of batteries were collected at different stores worldwide.

Waste and pollution

GRI 306-2

SASB HC-MS-410a.1, SASB HC-MS-430a.3

We are committed to minimizing the generation of operational waste wherever possible, separating materials to enable recycling, and disposing of hazardous waste in environmentally compatible ways. We also aim to minimize the use of hazardous substances and their impact on the environment and human health.

SDG 12.5

Key ESG target:
We reduce our operational waste per employee by 5% vs. 2022 by 2027.

Our target commits us to reduce the waste generated at our sites by 5% per full-time employee (FTE) by 2027 from the 2022 figure of 213.1 kg/FTE. We intend to achieve this by optimizing and digitalizing processes, reducing packaging in transit between our operations, distribution, and repair centers, and reusing materials where possible.

While we saw in 2023 an increase in the absolute amount of operational waste of 26 metric tons (+1%) to 3,648 metric tons, the waste per FTE decreased to 205.5 kg/FTE (–3.6%). Absolute non-hazardous waste increased due to the integration of HYSOUND; it slightly decreased across the rest of the business.

Hazardous waste increased by 10 tons (14%) vs. 2022, mainly due to changes in the waste labelling policies of waste management third parties and the cyclical replacement of air filters. Sonova complies with legal requirements in countries where we operate to transport and dispose of hazardous waste solely through officially authorized disposal agents. The main categories of hazardous waste substances are solvents such as isopropyl alcohol, washing fluids, acids, oil emulsions, paints, adhesives, soldering paste, and filters.

Waste to be recycled decreased by 2% due to efforts such as transitioning to e-invoicing, repurposing supplier shipping packaging, and food waste reduction. The overall recycling rate decreased to 54%.

Operational waste

✓ Data externally assured (limited assurance)

metric tons[1]

	2023	2022	2021
Total waste[2]	**3,648**	**3,622**	**2,925**
Non-hazardous waste	1,590	**1,530**	**1,415**
Incineration with and without energy recovery	617	693	514
Landfill	973	838	900
Hazardous waste	85	**75**	**71**
Recycling[3]	20	19	16
Incineration with and without energy recovery	33	34	34
Landfill	21	14	13
Other treatments	11	8	8
Recycling waste	1,973	**2,017**	**1,439**
Recycling rate	**54%**	**56%**	**49%**
Total waste per FTE [kg/FTE][4]	**205.5**	**213.1**	**192.0**

1) For restatements and calculation boundaries information please refer to the Basis for preparation chapter.
2) Increase in 2023 vs. previous year mainly due to the integration of HYSOUND.
3) Not included in recycling rate.
4) Only 2023 data part of the 2023/24 external assurance.

Environmental Kaizen at Repair Center
In February 2024, employees in our Repair Center for Northern Europe in Warrington, UK, conducted an environmental continuous improvement workshop focused on reducing electronics and electronic equipment (WEEE) waste by optimizing the recycling process for credit returns and repairs, mainly of hearing instrument chargers. This Kaizen workshop resulted in an expected reduction of 74% local WEEE waste, by improved separation of materials.

For the first time, we assessed the global output of air pollutants derived from our facilities and our car fleet (scope 1 and 2 aligned in accordance with ESRS E2 Pollution), in preparation for the implementation of the EU's Corporate Sustainable Reporting Directive (CSRD). The assessment confirmed that Sonova's levels of air emissions (SOx, NOx, PM10) are well below the regulatory thresholds outlined in Annex II of the Regulation (EC) No 166/2006 of the European Parliament and of the Council of 18 January 2006 concerning the establishment of a European Pollutant Release and Transfer Register (✓ Data externally assured (limited assurance)).

As a medical and consumer device manufacturer, Sonova takes a proactive approach to evaluating materials in its products and components to assess environmental, health, or safety risks. This evaluation process is continuous and applies to all stages of production. Employees who work with chemicals and hazardous substances, or come into contact with them, are trained annually in their safe handling.

SASB HC-MS-410a.1, SASB HC-MS-430a.3

SDG 12.4

Sonova complies with the EU directive on the Restriction of Hazardous Substances (RoHS 2015/863/EU) and with the EU regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH EC 1907/2006). Sonova's suppliers are also required to prove their compliance with the RoHS directive and the REACH regulation in their respective processes and supply chains. In accordance with the REACH regulation, Sonova continuously updates the list of substances of very high concern (SVHC) that may be present in products above the regulatory threshold level of 0.1% by weight of the article. By the end of 2023 there were three SVHC substances requiring communication in accordance with the REACH regulation where Sonova AG is the legal manufacturer: 1,3-propanesultone, lead titanium trioxide, and lead. Sonova will continue to ensure compliance with the reporting requirements under the REACH regulation and the Waste Framework Directive (EU) 2018/851 whenever the use of SVHC compounds exceeds the 0.1% threshold.

Water

Although our manufacturing processes do not demand substantial amounts of water, we prioritize minimizing our consumption of fresh water, particularly in regions facing water scarcity. Sonova mainly uses water for sanitary services, building automation systems, kitchens, and garden maintenance. Our conservation initiatives therefore concentrate on monitoring per-capita water usage in larger facilities to pinpoint opportunities for improvement. Sonova's water withdrawals originate from municipal water supplies or other publicly or privately managed water utilities.

GRI 303-1, GRI 303-3

Key ESG target:
We reduce our water withdrawal per employee by 5% vs. 2022 by 2027.

Our five-year water withdrawal target is to reduce water consumption by 5% per full-time equivalent employee (FTE) from 2022 to 2027. In 2023, Sonova increased its absolute water withdrawal by 9% vs. 2022, reaching 15.0 m^3/FTE. This represents an increase of 4.4% over the 2022 baseline of 14.4 m^3/FTE. The absolute water withdrawal increase, which occurred despite water reduction initiatives, was primarily due to the acquisition of HYSOUND (not included in the 2022 baseline), along with a defective pump at a key facility, which reduced our greywater recycling capacity. Water reduction measures include installing water-saving faucets at larger sites and enhancing efficient water use in our gardening areas. By 2027, we aim to have decreased our water withdrawal intensity across the entire Group to 13.6 m^3/FTE from the 2022 baseline of 14.4 m^3/FTE in.

SDG 6.4

Water withdrawal[1]

✓ Data externally assured (limited assurance)

m^3

	2023	2022	2021
Total water withdrawal	266,194	244,217	202,509
Water withdrawal per full-time employee (FTE)	15.0	14.4	13.3
Total water withdrawal in water-stressed areas[2]	8.4%	-	-

1) For restatements and calculation boundaries information please refer to the Basis for preparation chapter.
2) Only data from calendar year 2023 part of the external assurance.

During the 2023/24 financial year, we extended our physical water risk analysis to almost all Sonova sites (>99.8% of water withdrawal covered), including our Audiological Care stores. We use the WWF Water Risk Filter based on geographic water-catchment area at basin level and increased the scope of the assessment to the overall water scarcity risk as recommended by WWF. This analysis shows that 8.4% (22,397m^3) of our water withdrawal is occurring in regions with high to very-high water stress. The sites with the highest water withdrawal in these areas are located in the United States, Israel, India, China and Spain. This data allows us to prioritize our future water withdrawal reduction efforts.

SDG 6.3

Biodiversity

Sonova's global activities, products, and services do not have significant direct influence on biological diversity. However, we recognize that formally assessing our impacts and dependencies on this topic is important in the global context of rapidly declining biodiversity and the threats imposed on natural ecosystems. Using the WWF Biodiversity Risk Filter we assessed all owned and leased sites in the 2023/24 financial year for potential biodiversity-related risks. This location-specific analysis showed that less than 0.1% of all assessed sites have potentially increased physical risks from extreme heat, local water conditions, and air conditions. Other environmental risk factors, such as impacts and dependencies on protected/conserved areas, key biodiversity areas, or ecosystem conditions, did not apply to any assessed site.

Sonova ESG Report 2023/24

Serving society

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

We envision a world where everyone enjoys the delight of hearing and therefore lives a life without limitation. Commitment to serving our society is at the core of our vision; we do so by enabling access to our products and services, contributing to research and awareness raising, and through our corporate citizenship activities.

SDG 10.2

The following sections provide an overview of our approach in the Serving society pillar of *IntACT*, our ESG strategy:

- Access to hearing care
- Hearing loss in the context of health
- Awareness raising on hearing health
- Corporate citizenship

Access to hearing care

Sonova's broad range of products and services makes hearing care accessible and affordable to our consumers at various income levels. Our products and services make a positive impact on millions of lives and as part of our businesses we are committed to further improving access to hearing care. Untreated hearing loss can affect both society and individuals through its social, developmental, academic, and professional consequences, as well as the cognitive health issues to which recent studies suggest hearing loss can contribute. In response, we develop innovative hearing care solutions, accessible to as many people as possible, and help to educate and develop hearing care professionals.

GRI 3-3

Access to hearing care is governed within our businesses and is integrated into our business practices. We do not have a specific policy related to access to hearing care.

Innovative hearing solutions

The hearing care market requires a wide range of hearing solutions and service channels to meet the needs of consumers. Our goal is to offer the most innovative hearing solutions and services available to consumers worldwide, continuously improving speech intelligibility, sound resolution and quality, and ease of use. As part of our innovation process, we filed 52 new patent

SDG 9.5

applications in the 2023/24 financial year across our businesses. By the end of the financial year, Sonova owned in total 2082 active granted patent and design rights.

Patents and design rights

✓ Data externally assured (limited assurance)

number of active patents and new patent applications

	2023/24
Number of active patents and design rights	2,082
New patent and design rights applications	52

To support continuous innovation, we have multiple research and development hubs in Switzerland, the United States, and Canada as well as clinical study centers in China, the United States, Canada, and Singapore. We also collaborate through open exchanges and long-term partnerships with universities, research institutions, hospitals, and companies.

Innovation is not limited to our products: it also drives the way we approach the market through our wholesale companies, distributors, and through our omni-channel Audiological Care network. By operating through many channels, we multiply consumers' potential paths to hearing. Sonova's Audiological Care business has more than 3,600 stores and clinics in 20 countries. Sonova continuously extends the digital solutions that bring together healthcare providers and consumers through different stages of the hearing journey. Our various apps include advancements such as health measurements, continuous data monitoring, and statistical analysis of listening situations to enable user-specific fine tuning of the hearing experience, as well as more targeted advice to our consumers.

The family-centered care approach
One of the outcomes of our collaborations with universities and other research institutions is the family-centered care approach. Multiple studies, conducted together with Sonova, have shown that bringing family into the audiology clinic and involving them in the hearing journey offers benefits to the consumer and their family, including increased satisfaction with the service and increased support in the hearing aid user's home environment. Studies also identified benefits to the hearing care professional's patient-provider relationship, including greater trust, better adherence to treatment, and a higher rate of hearing aid uptake.

Accessibility and affordability

SDG 3.8

Our products and services are available in over 100 countries, and we offer products for every type of hearing loss: from enhanced hearing, through light amplification products and hearing aids, to cochlear implants for advanced or complete hearing loss. Our Consumer Hearing business offers earbuds with enhanced hearing as well as over-the-counter (OTC) hearing aids. OTC hearing aids can be purchased online or across various retail channels in the United States and can thereafter be self-fitted to support easier access and allow people to improve their hearing earlier and at a lower cost.

Our digital solutions, which are both built into and support our products, improve access to expert hearing care, particularly in remote areas or where access to hearing care professionals is limited. We enable remote online or app-based hearing screenings in numerous countries, as well as supporting both remote hearing aid fittings and adjustments, and setting adjustments for cochlear implants, linking consumers to their hearing care professional without requiring a face-to-face consultation.

The cost of hearing care, both for products and services, is usually met jointly between the consumer and an institutional reimbursement or insurance scheme. Pricing is therefore highly dependent on the policies of these schemes. We work closely with the insurers and social or governmental organizations in the countries where we operate, such as the National Health Service in the United Kingdom and the Department of Veterans Affairs in the US, to offer bundled pricing which allows consumers to get the right hearing care support.

Access to hearing care is still a challenge for many people in low- and middle-income countries, as well as for underprivileged social groups in high-income regions. Sonova has therefore set the following target to increase the number of hearing aids sold in low- and middle-income countries.

Key ESG target:
We aim for a 50% increase in the number of hearing aids sold in low- and middle-income countries by 2023/24, compared to 2018/19.

In the 2023/24 financial year, we achieved a 48.2% increase compared to 2018/19, and therefore we did not achieve our target of 50%. We remain committed to further increasing sales in low-and middle-income countries and have therefore extended the target to the end of the 2024/25 financial year.

Sales growth in low- and middle-income countries

✓ Data externally assured (limited assurance)

vs. 2018/19[1]

	2023/24[1]	2022/23[1]	2021/22[1]
Increase in number of hearing instruments sold in low-and middle-income countries vs. 2018/19	+48.2%	+48.5%	+44.1%

1) Only data from financial year 2023/24 part of the external assurance. For scope and restatements please refer to the Basis for preparation chapter.

We develop dedicated market-specific products, including for underserved markets. Sonova worked with China’s largest hospital, the Tongren Hospital in Beijing, to better understand the specific needs of people speaking Sinitic languages such as Mandarin or Cantonese when it comes to hearing loss. The result was a specific prescription formula for the amplification/frequency curve shapes of tonal languages, resulting in hearing aids offering significantly better speech clarity.

Training and education

SDG 3.C

Sonova is committed to training and developing people worldwide to meet the rising demand for hearing care and support the large population living with hearing loss. The lack of educational infrastructure in many countries hinders efforts to raise the proportion of people who can access hearing care.

The Swiss International Hearing Academy (SIHA) is a Sonova Group initiative offering a pioneering blended-learning program in audiology for aspiring hearing-care professionals (HCPs) worldwide. The program is established to further strengthen individuals’ expertise and make training available in countries where vocational education facilities are limited or non-existent. The program is offered over six or twelve months, with more than 1,350 hours of study. It includes instructor-led lectures, online modules, self-study, and clinical work. During the 2023/24 financial year, 369 HCPs in low- and middle-income countries graduated and 509 were enrolled in the program. In 2024/25, the SIHA HCP program will also be launched in Spanish to serve Latin America.

SIHA graduates in low- and middle-income countries

✓ Data externally assured (limited assurance)

number of graduates in low- and middle-income countries[1]

	2023/24[1]	2022/23[1]
SIHA graduates in low- and middle-income countries	369	186

1) Only data from financial year 2023/24 part of the external assurance. For scope and restatements please refer to the Basis for preparation chapter.

We have established additional education programs in multiple local markets. For example, in China, where the aging population has rapidly increased the number of people with hearing loss and strained an already under-resourced hearing care system, we have trained more than 2,500 local HCPs through a six-month program. Our Sonova Grand Hearing Institute, a dedicated audiology training center, also offers advanced audiology knowledge and practical skills training to HCPs from our wholesale customers in China. It features soundproof rooms for hearing tests, a fully functioning pediatric diagnostic clinical room, workstations for fitting and evaluating hearing aids, a dedicated lab for ear-molds, repairs, state-of-the-art video otoscopy and otoscopy training tools, cerumen removal, and middle ear analysis testing. In addition, Sonova provides technical support to help address the significant lack of practical knowledge about hearing aid fitting among HCPs. During the 2023/24 financial year, the Sonova Audiology team provided monthly technical and training support sessions for its wholesale customers in China with more than 100,000 attendees.

Since 2019, the Sonova Academy in Dortmund, Germany, has provided comprehensive training and development opportunities to future HCPs in modern training facilities at the cutting edge of science and technology. The Academy offers in-person and eLearning modules which complement the existing training available in Germany. The Sonova Academy cooperates closely with the German Academy for Hearing Acoustics and the German Vocational School for Hearing Acoustics. Participants are trained on theory and practice in hearing studios, seminar rooms, and an earmold laboratory. In 2023/24, our teams trained around 680 participants through online training courses and 775 participants in onsite training courses. The participants completed a total of almost 26,000 individual training modules.

Customer satisfaction

We engage with all our customers, including HCPs and consumers, across all our businesses to gather feedback for process and product improvements. Our consumers can share feedback through various mobile applications as well as through their HCP and retail customer service. For our Hearing Instruments business, we conduct multiple types of customer satisfaction surveys. Feedback for our Phonak brand is collected regularly, and the customer satisfaction index (CSI), based on an annual survey, improved from 73 in the 2022/23 financial year to 75 in 2023/24. Feedback collected on a monthly basis from HCPs provides the Net Promoter Score (NPS). This metric is based on asking respondents to rate the likelihood that they would recommend a company, product, or a service. The 12-month average NPS was 40 in 2023/24, improving from the 2022/23 value of 30.

Customer satisfaction

✓ Data externally assured (limited assurance)

Customer satisfaction[1]

	2023/24[2]	2022/23[2]	2021/22[2]
Customer satisfaction index (CSI)	75	73	74
Net promoter score (NPS)[2]	40	30	40

1) For scope and restatements please refer to the Basis for preparation chapter.
2) For the NPS, only data from financial year 2023/24 part of the external assurance.

Hearing loss in the context of health

There is increasing evidence that untreated hearing loss leads to more social isolation, lower self-esteem, and decreased cognitive abilities. It may also be linked to higher rates of co-morbidities, such as dementia and depression. Treating hearing loss can therefore be a preventative measure for other health conditions. A better understanding of these links may help to improve the development of Sonova's products, services, and distribution.

Untreated hearing loss can have serious consequences for the individuals who experience it and for those around them. These range from negative effects on personal relationships to disadvantages at work and social isolation, which can lead to depression. Especially severe are the consequences for children with untreated hearing loss, as the development of speech and language is fundamentally dependent on the sense of hearing. Untreated hearing loss also is often associated with academic underachievement, which can lead to lower job performance and fewer employment opportunities later in life. In addition, untreated hearing loss puts a heavy cost burden on society. Direct and indirect costs related to unaddressed hearing loss are estimated at USD 980 billion annually, of which more than 50% are borne by low- and middle-income countries in direct health costs, loss of productivity, and societal costs[1].

Sonova has been supporting and participating in clinical research for decades. The following studies, published in the 2023/24 financial year, were supported by Sonova's research program:

- **ACHIEVE (Aging and Cognitive Health Evaluation in Elders):** Led by the Johns Hopkins Bloomberg School of Public Health, this study was designed to determine if treating hearing loss in older adults reduces cognitive decline over a three-year period. The key findings of the study were that, for older adults at increased risk for cognitive decline, hearing intervention slowed down loss of thinking and memory abilities by 48% over 3 years.
- **ENHANCE (Evaluation of Hearing Aids and Cognitive Effects):** In this study, led by the University of Melbourne Audiology Clinic, participants who received hearing intervention were followed up after three years, after which their performance on cognitive tests was compared to a group of participants who did not use hearing aids. The main findings of the study were that cognition at the three-year follow-up was stable overall for hearing aid users but declined for the non-hearing aid user group.

In light of these results, our Phonak brand has developed the ECHHO (Enhancing Cognitive Health via Hearing Optimization) training program, launched during the 2023/24 financial year, to encourage hearing care professionals to integrate cognitive health into the audiological counselling they give their clients, thereby strengthening understanding of the benefits of hearing technology beyond simply hearing better. The training is offered online, in person, or through a recorded webinar. It covers the relationship between hearing loss and cognition, best practices for integrating cognition into the clinical conversation, and working with clients exhibiting signs of cognitive decline or dementia.

WHO, "World Report on Hearing" (2021)

Awareness raising on hearing health

We are committed to raising awareness of hearing health and to addressing stigma related to hearing loss. Raising awareness covers the entire hearing journey, beginning with hearing loss prevention, then accompanying people at the first detection of hearing loss, and progressing to successful treatment with a hearing aid or a cochlear implant. We recognize the need for increased awareness not only among consumers but extending to insurers and distributors as well as society in general. The importance of good hearing, and the consequences of hearing loss, continue to be underestimated: unaddressed hearing loss is among the three largest causes of years lived with disability (YLD) around the globe. According to World Health Organization (WHO) statistics, more than 1.5 billion people, representing 20% of the global population, experience some degree of hearing loss[1]. Over 5% of the world's population have moderate or higher grades of hearing loss[2]. Nearly 30 million have profound or complete hearing loss in both ears. The number of people with hearing loss is expected to rise significantly, due to aging populations and continued noise pollution. The WHO estimates that 2.5 billion people will experience some degree of hearing loss by 2050, and over 700 million people will require hearing care due to a moderate or higher grade of hearing loss[1].

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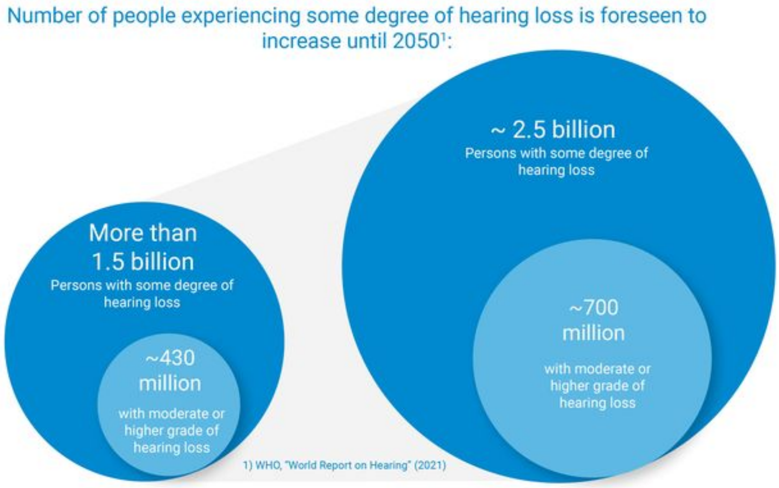
[1] WHO, "World Report on Hearing" (2021)

[2] In 2021, the WHO has adapted its grading system on the severity of hearing loss. The threshold for moderate hearing loss is 35dB in the better hearing ear.



In the 2023/24 financial year, Sonova undertook initiatives and actions through various channels to enhance hearing health awareness. For many years we have offered free online hearing tests, and during the 2023/24 financial year we completed more than 200,000 of these. Almost 1,000 of our Audiological Care business' medical partners took part in virtual events we organized to present the latest research and best practices on tinnitus and cognitive health in the context of hearing loss. We also launched a subscription-based medical app, SilentCloud, aimed at reaching a younger audience with information on tinnitus, hearing protection, and hearing loss. Offering a combination of therapies, the app is a powerful tool for self-paced tinnitus management. Finally, we continue to offer a wide range of products for hearing loss prevention through multiple sales channels geared towards different needs, such as work-related noise, or for hobbies such as music or motor sport.

Engaging children with the Phonak fairy castle
In 2023/24, Phonak New Zealand developed and deployed the Phonak fairy castle. The castle facilitates children's engagement on hearing health and hearing loss in a fun and creative manner. The fairy castle, which is used by hearing care professionals engaging with children at clinics, reflects the five senses, with a special focus on the "hidden sense" – hearing. The castle helps professionals explain the hearing journey to children in a less clinical way and aims to make them more engaged in their journey.

Corporate citizenship

Sonova is committed to being a good corporate citizen, supporting the local communities around our sites and society beyond through the Hear the World Foundation, charitable activities, volunteering, and in-kind and financial donations.

Hear the World Foundation

We founded the Hear the World Foundation (HTWF) in 2006 with the key focus areas of increasing access to hearing care and improving quality of life for children in low- and middle-income countries. Sonova supports these aims by providing funding, expertise, employee volunteers, and hearing solutions.

Key ESG target:
We aim to increase lives impacted by the Hear the World Foundation (HTWF) by 10% year-over-year – focusing on children with hearing loss in low- and middle-income countries.

In the 2023/24 financial year, we surpassed our target by fitting 4,067 hearing aids through HTWF supported projects, compared to 2,880 in the previous year. HTWF supported 13 projects worldwide during the period, providing more than 153,000 hearing screenings for newborns and children. In addition, HTWF facilitated audiological training for 3,064 volunteers and hearing care professionals, and Sonova employees provided almost 1,000 hours of voluntary work. Further information about the activities, goals and impacts of the HTWF in 2023/24 is published in the annual Activity report on the HTWF website.

Hear the World Foundation activities

✓ Data externally assured (limited assurance)

	2023/24[1]	2022/23[1]	2021/22[1]
Fitted hearing aids	4,067	2,880	2,260
% increase compared to previous year	41.2%	21.5%	66.8%[2]

1) Only data from financial year 2023/24 part of the external assurance.
2) The 2021/22 data in comparison with 2020/21 (750 fitted hearing aids) was impacted by COVID-19.

Philanthropic contributions and community engagement activities

Sonova's philanthropic activity consists of in-kind contributions to HTWF and monetary contributions to HTWF community partners and other humanitarian organizations. In addition, various Group companies engage with local communities through money raising campaigns and volunteering. Sonova has also sponsored hearing-related research projects.

Hearing aids with a second life – hearing aid donation program
Sonova's Group company Connect Hearing in Canada has operated a hearing aid donation program since 2016, giving a second life to hearing aids provided by our consumers. They are donated for educational use or distribution through charitable hearing aid programs. During the 2023/24 financial year, approximately 4,500 hearing aids collected over the years were reused or repurposed for training new hearing care or other health care professionals.

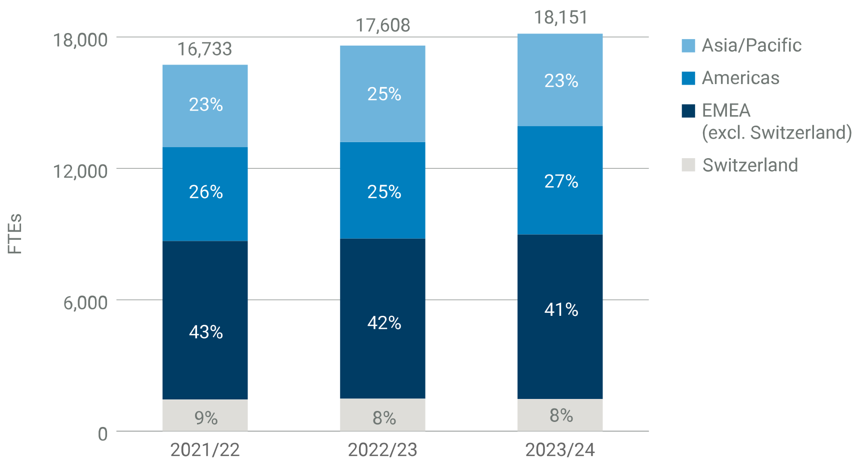
Advancing our people

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

We acknowledge that our employees are critical to our success: they create the foundation for our innovative solutions and services, they care for our customers and consumers, and help us to reach our business goals. The sections that follow describe the various aspects of the Advancing our people pillar of our *IntACT* strategy:

- Talent and engagement
- Employee wellbeing
- Diversity and inclusion
- Occupational health and safety

Number of employees



As of the end of the 2023/24 financial year, Sonova had 18,151 employees (FTE), 3.1% more than in the previous year. During this year, several smaller businesses were acquired in EMEA, United States, Americas, and Asia/Pacific. All of these companies acquired are in the business of distributing and servicing hearing instruments. In February 2024, we opened our new operations center in Mexicali, Mexico.

GRI 2-7

Employees by region

✓ Data externally assured (limited assurance)

FTE (end of period)[1]

	2023/24	2022/23	2021/22
Total (regular and fixed-term)	**18,151**	**17,608**	**16,733**
Switzerland	1,469	1,482	1,445
EMEA (excl. Switzerland)	7,514	7,311	7,238
Americas	4,945	4,409	4,285
Asia / Pacific	4,223	4,406	3,765

1) Employee numbers do not show any seasonal or other temporary fluctuation. For scope and restatements please refer to the Basis for preparation chapter.

Headcount (end of period)[1]

	2023/24	2022/23	2021/22
Total (regular, fixed-term and interns)	**19,314**	**18,692**	**17,303**
Switzerland	1,559	1,585	1,574
EMEA (excl. Switzerland)	8,431	8,175	8,190
Americas	4,979	4,433	3,767
Asia / Pacific	4,345	4,499	3,772

1) Employee numbers do not show any seasonal or other temporary fluctuation. For scope and restatements please refer to the Basis for preparation chapter.

Employees by gender

✓ Data externally assured (limited assurance)

% of headcount[1]

	2023/24	2022/23	2021/22
Women			
Share of total workforce	66.9	67.3	65.6
Part-time employees	13.4	13.5	13.5
Men			
Share of total workforce	33.1	32.7	34.4
Part-time employees	2.9	2.7	2.8

1) For scope and restatements please refer to the Basis for preparation chapter.

84.2% of our total workforce is directly employed by Sonova Group or Group companies; the remaining 15.7% consists of external temporary employees contracted as external consultants, via service agreements, or staff leasing. The main functions that include external temporary employees are IT (22% of all external temporary employees), sales (22%), marketing (14%), and finance (9%).

GRI 2-8

Employees by employment contract

✓ Data externally assured (limited assurance)

% of headcount[1]

	2023/24	2022/23	2021/22
Regular	80.1	79.1	79.8
Fixed-term	2.2	2.3	2.6
External temporary	15.7	16.8	15.1
Interns	1.9	1.9	2.4

1) For scope and restatements please refer to the Basis for preparation chapter.

Our human resource processes, standard operating procedures, and policies are used globally and implemented locally in line with local regulations and customs. Most employees are directly supported by a local human resource manager. Key performance indicators are reviewed on a monthly basis at global, business, and local level: these include employee turnover rate, recruitment rate, gender diversity, and internal talent for promotions. We conduct internal audits

GRI 2-30

for Group functions and at a Group company level for compliance with local labor laws as well as our own regulations to ensure that we provide best-possible working conditions.

Our commitment to our employees is described in our Code of Conduct, covering key aspects including freedom of association: our employees are free to join any employee association (external employee freedom of association is covered in the Sonova Group Supplier Principles). By the end of the 2023/24 financial year, 24% of our global workforce was covered by collective bargaining agreements. In addition, 16% of our employees are represented by workers' representatives. We are committed to fair compensation, and we assess and take measures at the local level to meet cost of living fluctuations, easing financial pressure on our employees.

We are committed to treating our workforce responsibly. In the event of major reorganizations, we have developed a local implementation plan containing a variety of measures that can be adapted to minimize negative impact. Examples of mitigation measures include early retirements, internal mobility, financial compensation, re-training or outplacement services, case management, extended notice periods, and hardship funds. In the past three financial years, there were no significant job cuts affecting more than 1,000 employees or more than 5% of the total workforce.

Talent and engagement

Strategy, governance, and relevance

Sonova operates in an industry with strong competition and increasingly limited availability of talent. We have therefore developed a proactive approach to attract, develop, and retain talent. Allowing for rapid market shifts, this approach is key to delivering results and reaching our business goals. GRI 3-3

We attract talent by being the employer of choice through our offerings related to development, fair compensation, and flexibility. We gather feedback from candidates throughout the recruiting process, and we treat it as equally valid whether a candidate joins us or not. We develop talent by encouraging internal mobility and providing an environment where employees can take accountability for continuously improving their skills and owning their career progression. This keeps critical talent within the Group, which helps to sustain our competitive advantage and long-term success. Retaining talent means a continuous effort to improve the working environment, with a focus on employees' productivity and wellbeing. We engage actively with our employees, considering disengagement as a significant business risk: feedback from our global workforce helps us to take timely and effective measures to address their concerns and act on their suggestions.

Policies and actions

Our commitments to our employees are governed by our Code of Conduct. We have further policies and standard operating procedures governing specific aspects of working experience.

HearMe, our annual anonymous survey managed in cooperation with an external provider, asks our global workforce about topics including: strategy and leadership, operational excellence, collaboration, diversity and inclusion, sustainable engagement, and wellbeing. Responsibility for specific issues related to engagement and survey follow-up lies with every people leader. Every team conducts workshops to analyze and discuss the HearMe survey results, agree necessary actions, implement them, and monitor their success. Dedicated Management Board members take responsibility for focus improvement topics in coordination with our established employee engagement steering committee. This year our global actions are focused on improving the effectiveness of decision making, with better prioritization and a focus on customer-centricity.

In the 2023/24 financial year, we held a Kaizen to streamline the recruitment and selection process of top executives, reducing the business risk of having such important positions sit vacant, ensuring business continuity, and improving the candidates' experience with Sonova throughout the recruitment process. We also updated our senior leadership onboarding process with a focus on Sonova culture: we immerse senior leaders in the business so that they develop business knowledge quickly and form the critical relationships necessary to perform their roles well. This enables new leaders to be effective and agile very soon after onboarding.

Sonova's performance process includes an annual discussion between employee and people leader, covering competencies, performance, and potential. We strongly encourage leaders to carry out continuous performance and feedback discussions throughout the year, with a minimum of two dedicated meetings. Sonova's development process includes regular discussions between employees and people leaders on career development. This helps us to reduce the risk of losing specialist knowledge, skills, and experience in vital positions, and improves succession planning by identifying and developing promising internal candidates. This process also enables our employees to take on career opportunities in a new role or location within the company.

SonovaLearning is a group-wide learning platform for all employees with access to a work-related computer. Mandatory training courses on the platform ensure that our employees have what they need to do their work correctly and in compliance with rules and regulations.

Sonova offers a wide range of leadership training, from engaging webinars to immersive workshops and leadership development flagship programs. We use feedback, coaching, and experiential learning to allow participants to reflect on their personal style, to understand and to increase the impact our leaders have on performance, and to plan their continued development. These programs strengthen innovation and performance, improve motivation, and develop engaged teams. Our leadership training portfolio consists of the following programs:

Training program	Audience	Description
Aspiring Leaders	• Employees with leadership aspirations • 12–24 participants per cohort	The Aspiring Leaders program is a two-day program that encourages participants to start thinking about their own leadership brand and about how they can best fulfill and contribute to Sonova's future.
Leadership Foundations I	• Virtual program aimed at all new and mid-level people leaders • 16–24 participants per cohort	This virtual program, delivered in three four-hour sessions over six weeks, focuses on the basics of essential managerial and leadership skills, such as feedback, coaching, accountability, and delegation.
Leadership Foundations II	• Aimed at all new people leaders • Recommended for all people leaders • 12–24 participants per cohort	The Leadership Foundations program is a 2.5-half-day intensive experiential program focusing on some managerial tools, importance of mindsets, motivation drivers, and awareness that will impact engagement, trust, and change. It also covers how to implement the learning into daily business.
Executive Leadership Orientation	• Aimed at all new MB-1 and key positions	This three-day orientation program is designed to provide participants with a holistic overview of Sonova, and understanding of its strategy and processes, as well as to have direct interaction with MB members.
S.T.A.R.S Leadership Program	• Targeting the top 100 leaders globally within Audiological Care business • one year continuous learning program	The S.T.A.R.S leadership program is designed to boost capabilities in specific areas – customer centricity and analytics, commercial excellence, and organization & people leadership – in a set of online and offline courses, live webinars, and master classes partnering with leading international business schools and external experts (e.g., IMD and RBL Group).
HI Culture Journey	• Piloted during the 2023/24 financial year for the top 100 leaders • Two days of onsite training	The training aims to equip people with tools on how to actively shape the business culture and to understand the shared vision and goals, and how each individual roles contribute to achieving them.
Power Sessions & Webinars for Leaders	• Targeting all leaders • 2–4h workshops or 1–2h webinars • Recommended for all people leaders • 8–24 participants per cohort	Workshops or virtual sessions covering specific leadership topics to support leaders in their daily challenges and responsibilities (e.g., Writing Effective Performance Objectives, Performance Appraisal for Managers, Remote Leadership, Unconscious Bias, Mental Health First Aid Conversations).

Performance measurements and targets

Employee engagement

In the 2023/24 financial year, more than 17,800 eligible employees were invited to complete HearMe, our employee engagement survey. We maintained a consistently high participation rate (92% in 2023/24), which indicates that our employees are open to sharing their feedback and confident that Sonova is acting on it.

Key ESG target: We aim to maintain or improve our annual employee engagement score year-over-year.

Our sustainable engagement score is calculated based on nine questions focusing on how engaged, enabled, and energized our employees are. In the 2023/24 survey, we reached an engagement rate of 83%, improving by one percentage point compared to 2022/23 and reaching our target. Our engagement score is four percentage points higher than the average for the medical devices industry (based on the benchmark data prepared by our external survey provider).

Participation rate

✓ Data externally assured (limited assurance)

% of survey eligible headcount[1]

	2023/24	2022/23	2021/22
Employee engagement survey participation rate	92	93	92

1) For scope and restatements please refer to the Basis for preparation chapter.

Employee engagement

✓ Data externally assured (limited assurance)

Favorable answers as % of survey eligible headcount

	2023/24	2022/23	2021/22
Employee engagement rate	**83**	**82**	**83**
Women	84	84	84
Men	81	80	81

Talent retention

GRI 401-1

During the 2023/24 financial year, our total employee turnover rate decreased from 14.7% to 14.3%, and the voluntary turnover rate from 11.3% to 10.3%. We strongly believe that our overall talent retention approach – including initiatives such as wellbeing actions, diversity and inclusion focus, and acting on employee feedback to improve engagement – has contributed to the reduced turnover rate. Sonova is ranked within the top quartile in the medical devices industry for total and voluntary employee turnover rates, based on the most recent benchmark data from an external provider. The average tenure of our people leaders in 2023/24 was 10 years, while the average workforce tenure was 7.3 years. During 2023/24, almost 65% of job openings for all leadership positions (people and project managers) were filled by existing Sonova employees.

Employee turnover rates

✓ Data externally assured (limited assurance)

% of FTE[1]

	2023/24	2022/23	2021/22
Total	**14.3**	**14.7**	**17.4**
Region			
Switzerland	9.7	8.2	9.5
EMEA (excl. Switzerland)	13.2	14.6	15.3
Americas	18.9	21.5	23.6
Asia / Pacific	12.6	10.4	18.1
Gender			
Women	14.5	14.8	17.8
Men	13.7	14.0	16.9
Age			
under 30 years old	20.1	23.1	20.0
30-50 years old	13.6	13.1	17.7
over 50 years old	11.0	10.6	14.1

1) For scope and restatements please refer to the Basis for preparation chapter.

Voluntary employee turnover

✓ Data externally assured (limited assurance)

% of FTE[1]

	2023/24	2022/23	2021/22
Total	**10.5**	**11.3**	**13.1**
Region			
Switzerland	6.2	6.9	7.3
EMEA (excl. Switzerland)	10.5	11.4	11.1
Americas	12.7	15.5	18.1
Asia / Pacific	9.5	8.4	14.1
Gender			
Women	10.8	11.4	13.9
Men	9.8	10.4	11.9
Age			
under 30 years old	15.7	18.0	16.6
30-50 years old	10.1	10.2	13.5
over 50 years old	7.2	7.5	8.8

1) For scope and restatements please refer to the Basis for preparation chapter.

Internal leadership recruitment rate (ILRR)

✓ Data externally assured (limited assurance)

% of headcount[1]

	2023/24	2022/23	2021/22
Total (% of total internal hires to leadership positions)	**64.9**	**66.0**	**63.8**
Women (% of women of internal hires to leadership positions)	64.0	60.3	57.6
Men (% of men of internal hires to leadership positions)	36.0	39.7	42.4

1) For scope and restatements please refer to the Basis for preparation chapter.

New hire rate

✓ Data externally assured (limited assurance)

% of new hired headcount[1]

	2023/24	2022/23	2021/22
Region			
Switzerland	4.6	5.9	8.1
EMEA (excl. Switzerland)	41.2	48.0	44.4
Americas	41.6	30.7	33.3
Asia / Pacific	12.5	15.4	14.2
Gender			
Women	68.7	67.7	65.5
Men	31.3	32.3	34.5
Age			
under 30 years old	38.2	39.5	40.3
30-50 years old	48.8	47.7	46.7
over 50 years old	13.0	12.8	13.1

1) For scope and restatements please refer to the Basis for preparation chapter.

Tenure

✓ Data externally assured (limited assurance)

Average tenure in years[1]

	2023/24	2022/23 [1]	2021/22
People leaders	10.0	10.0	10.1
Employees without direct report	6.8	6.7	6.8
All employees	7.3	7.3	7.3

1) For scope and restatements please refer to the Basis for preparation chapter.

Learning and development

During the 2023/24 financial year, 99.7% of our employees who have access to a computer in their daily work have a documented development plan in the HR system.

GRI 404-3

Development plan

✓ Data externally assured (limited assurance)

% of employees with a development plan of development plan eligible headcount[1]

	2023/24	2022/23	2021/22
Development plan rate	**99.7**	**97.4**	**97.4**
Development plan rate women[2]	99.8	-	-
Development plan rate men[2]	99.7	-	-

1) For scope and restatements please refer to the Basis for preparation chapter.
2) Breakdown per gender only available as of 2023/24.

More than 193,000 training programs were completed on our learning platform during the 2023/24 financial year. We also offered access to Mindtools, an app that provides personal and professional competency development: almost 7,500 employees accessed 49,500 pages and articles. 1,375 employees received more than 16,000 hours of leadership training during 2023/24 through our leadership development program.

Another important development program focuses on Sonova X, our approach to deliver on our strategy. It equips our people with the mindset and principles to solve business challenges, improve work processes, and enrich customer experience. In the 2023/24 financial year, we trained more than 1,500 employees on Sonova X, its principles and tools during more than 6,000 training hours through multiple formats including classroom training, Kaizen improvement workshops, experiential learning, and practical application in real work contexts.

Employee wellbeing

Strategy, governance, and relevance

For Sonova as a global employer, employee health and wellbeing is a priority and is rooted in our company value - We care. Failing to address this topic risks negative impacts on individuals and society alike through stress, conflict, as well as lost productivity and innovation. We are therefore committed to fostering a culture of wellbeing at work, creating the conditions to support our employees to be at their best. Implementing a holistic wellbeing program also benefits Sonova through improved employee productivity, innovation, and ultimately creates value for our customers and consumers. It helps us to attract and retain talent, leads to higher employee engagement and motivation, and allows us to contribute to a healthier society. In 2021 Sonova established a five-pillar wellbeing framework:

GRI 3-3

- **Physical**: nutrition, exercise, sleep, medical care, ergonomics
- **Mental:** relaxation, mindfulness, stress management, resilience, mental health
- **Financial:** financial security, retirement, ancillary benefits
- **Social:** healthy relationships, team spirit, leadership
- **Purpose:** purpose in life and work, beliefs & values, charitable activities

Employee wellbeing at Sonova is led by a Corporate Health Manager and managed through a cross-functional global health team, supported by local wellbeing champions in our Group companies. These wellbeing champions are responsible for implementing global initiatives, complemented by local programs covering the five pillars of our framework.

Policies and actions

Our employee wellbeing framework, founded on a holistic view of wellbeing, has been rolled out to all Group companies through our wellbeing guidelines. These define the minimum standard for wellbeing measures across the five pillars of the wellbeing framework, and provide alternatives and actions for local adoption to fit the needs of employees in each Group Company.

Sonova has a hybrid corporate working guideline that offers office-based employees the opportunity of working partly from home; it has been adopted by all Group companies with office-based employees. Our Group companies are provided with a range of concrete measures to implement as part of an employee wellbeing framework that are tailored to the differing needs of employees in different roles, including manufacturing and distribution, office employees, store and clinic staff, and remote sales representatives. These measures include a shortened standard meeting duration to avoid back-to-back scheduling and provide regular recovery breaks, along with a weekly global four-hour focus time to work with no meetings and no interruptions.

Sonova's Employee Assistance Program (EAP) provides anonymous counseling services for employees and immediate family members with personal concerns, both at and outside work, which affect wellbeing. In the 2023/24 financial year we increased the number of Group companies offering an Employee Assistance Program (EAP): 92% of our employees now have access to an EAP compared to 73% in the previous financial year.

During the 2023/24 financial year, we continued our strong focus on the topic of mental health and further trained people leaders on Mental Health First Aid Conversations for Managers. We have also provided expanded wellbeing-related activities including online events, training, guides, and communication on the Sonova intranet. We launched a program for people leaders with a guide and training on Meaningful 1:1 Conversations to encourage regular holistic and human-centric conversations with their team members, and the Your Inner Strength program, to equip our people with the knowledge and tools to sustain and increase their resilience.

Enlightening and empowering webinar on andro- and menopause
During the 2023/24 financial year, we organized a webinar focused on menopause and andropause at work with the aim to demystify an often-overlooked topic, foster awareness, increase dialogue, and enlighten and empower our global and diverse workforce. The webinar contained information about both menopause and andropause, including symptoms and their impact on a working environment, as well as a personal story about menopause at work. Around 2,000 of our employees read the article or watched the webinar recording.

Performance measurements and targets

Key ESG target:
We aim to train more than 1,000 people leaders on Mental Health First Aid Conversations for Managers by 2024/25.

During the 2022/23 financial year, we launched the Mental Health First Aid Conversations for Managers training. The training focuses on how leaders can recognize early signs of mental challenges and address them in conversations. Until the end of the 2023/24 financial year, 528 of our people leaders have been trained, meeting our interim target of 50% for the year.

People leaders trained in Mental Health First Aid Conversations for Managers
✓ Data externally assured (limited assurance)

number[1]

	2023/24[1]	2022/23[1]
Number of people leaders trained in Mental Health First Aid Conversations for Managers	341	187

1) Only data from financial year 2023/24 part of the external assurance. For scope and restatements please refer to the Basis for preparation chapter.

HearMe, Sonova's annual employee survey, includes 16 questions that constitute the Wellbeing index. The questions cover all the pillars of the wellbeing framework – physical, mental, financial, social, and purpose –through topics that include personal accomplishment, workload and stress, happiness, and additional questions related to job satisfaction and recommendation to others. In the 2023/24 survey, Sonova gained one percentage point compared to last year, reaching a Wellbeing index score of 67. This is four percentage points higher in comparison with the average score of our peers in the medical devices industry. The results of the survey are included in the survey follow-up and discussed with each team for further action.

Diversity and inclusion

Strategy, governance, and relevance

SDG 5.5, SDG 8.5

Diversity and inclusion (D&I) is an integral part of establishing a work culture representing the full range of stakeholders and communities whom we engage with. This range covers various aspects such as language, background, ethnic origin, disability, beliefs, gender identity, and sexual orientation. Fostering D&I is a business imperative and the right thing to do. It also improves employee engagement, performance, and productivity, as well as customer engagement. Failing to have diverse representation within Sonova leads to risks including reduced innovation, reputational harm, costly levels of turnover, reduced pool of talent, lack of employee engagement, and not meeting the standards of our company values. We are committed to providing equal opportunities throughout the employee experience: from hiring, through development, to advancement. We strive to create an environment in which all employees feel safe, valued, included, and empowered to do their best work and realize their full potential. Our global D&I strategy is built on six pillars:

- **Governance:** We have a global governance structure with representatives from the main regions in which we operate and from key diversity dimensions.
- **Targets:** We set objectives and measure our progress toward achieving them, while ensuring their alignment with other business objectives.
- **Hiring and development:** We stand for equity, equal opportunity, diversity, and inclusion in hiring and development.
- **Training:** We train our employees and leaders in relevant areas of D&I.
- **Communication:** We drive active and transparent communication about D&I to foster an inclusive culture and encourage role model behavior.
- **Supportive environment:** We strive to make our physical, technical, and cultural work environment inclusive.

Our Global D&I Council governs our D&I actions. Chaired by CEO Arnd Kaldowski, the council has members from each of our regions (EMEA, Asia, Oceania, and Americas). It meets on a quarterly basis to set targets, establish accountability for achieving targets, ensure that the necessary resources are in place, and monitor progress. We have several regional D&I councils as well as employee resource groups. Regional D&I councils govern regional actions based on circumstances, including region-specific training and celebration of culturally relevant days. Many countries have national councils in place to focus on local D&I initiatives. The employee resource groups include the Global Women's Network and the global OutLoud network which brings together employees from the LGBTQ+ community. Another is the global Hearing Loss Network, which supports the message that hearing loss should not stop anyone from thriving at Sonova, and provides input for increasing inclusivity in our processes and workspaces. On a global level, the topic is led by the Senior Manager Diversity & Inclusion.

Policies and actions

Sonova's commitment to D&I is defined in our global Code of Conduct. We have zero tolerance of discrimination and harassment, and have a defined process to raise concerns and/or incidents and to follow up on them. To spread awareness and knowledge of the importance of D&I, we provide regular training programs across Sonova, including specific regions, worksites, departments, and job functions. Unconscious bias training is an integral part of our onboarding program for new employees as well as our training for all people leaders. Since 2023, we have organized workplace training for people leaders, covering inclusive language, difficult conversations, and microaggressions. During the 2023/24 financial year we further embedded D&I into the onboarding process.

In 2023/24, the employee resource groups arranged more than ten events, including a panel discussion for International Women's Day focusing on female leaders in the Asia/Pacific region, and multiple in person and online forums across the globe in celebration of World Hearing Day. In addition, for the celebration of Pride Month we had panel events and employees joining local pride events. Overall, our employee resource groups have almost doubled in size since they were launched in 2021 with over 550 members in the end of 2023/24.

To further embed inclusion in the work environments and to ensure that everyone can contribute to the conversation, we launched a pilot during 2023/24 to equip all meeting rooms at our office in Murten, Switzerland with our Roger™ wireless communication devices. This allows employees with hearing aids to connect directly to allow for more clarity of sound and amplification. With the success of this pilot, we are looking at extending this initiative across our other sites.

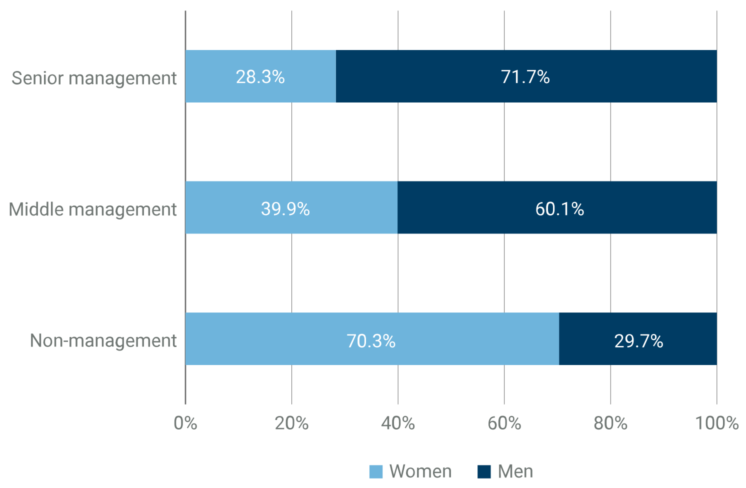
Women's sponsorship program
We take continuous action to meet our goal of having a gender diverse workplace. We established a women's sponsorship program during the 2023/24 financial year. The program underscores our continued efforts to make Sonova an inclusive environment where everyone is enabled to be successful and where talents feel a sense of belonging. The program had 21 sponsorship recipients. Feedback from our sponsorship recipients and sponsors was very positive.

Sonova is committed to equal pay for our employees, regardless of gender, ethnicity, disabilities, or other factors. We are compliant with all local requirements regarding equal pay, and we review pay equality in job evaluations and grading processes to ensure fair compensation. In Switzerland, an externally verified equal pay analysis resulted in Sonova receiving certification from the Fair-ON-Pay Association; maintenance analysis during 2023/24 generated a further improved score. In the United Kingdom, we published the legally required gender pay gap report for our local Group companies. We also provide part-time working conditions, flexible working hours, breastfeeding rooms at facilities in the larger Group companies for employees returning from maternity leave, a discounted day care center at our headquarters in Stäfa, Switzerland, and extended maternity and paternity leave (in Switzerland, Sonova offers maternity leave of 16 instead of 14 legally-mandated weeks and paternity leave of four instead of two weeks). In 2023/24, we implemented our new family bonding leave policy in the US. This includes 8 weeks of leave, regardless of gender, for those who give birth, adopt, or foster a child.

Performance measurements and targets

Key ESG targets:
We want to achieve a 35% proportion of women in senior management by 2028/29.
We want to achieve a 50% proportion of women in middle management by 2028/29.

Gender diversity across the organization 2023/24



At Sonova, we strive for diverse representation across all levels. At the end of the 2023/24 financial year, three of the nine members of the Sonova Board of Directors were women (33%), as were three of the eight members (37.5%) of the Sonova Group Management Board. The share of women in senior management was 28.3%, and 39.9% in middle management. During the financial year, further measures were implemented, including succession planning, changes to the development plan process, and gender-balanced representation during recruiting.

GRI 2-7, GRI 405-1

Women in management positions

✓ Data externally assured (limited assurance)

% of headcount within respective management position[1]

	2023/24	2022/23
Women in senior management	**28.3**	**22.0**
Switzerland	29.5	23.8
EMEA (excl. Switzerland)	17.0	6.3
Americas	35.0	37.1
Asia/Pacific	35.0	25.0
Women in middle management	**39.9**	**36.4**
Switzerland	34.4	30.0
EMEA (excl. Switzerland)	39.5	37.0
Americas	41.7	40.7
Asia/Pacific	50.2	42.6
Women in non-management	**70.3**	**69.2**
Switzerland	46.1	45.3
EMEA (excl. Switzerland)	68.2	67.8
Americas	71.7	71.9
Asia/Pacific	78.8	76.2

1) For scope and restatements please refer to the Basis for preparation chapter.

The proportion of women among people leaders (managers leading a team of at least one person) was 54.6% across all our businesses. In recruitment for all leadership positions (both people and project managers) during the 2023/24 financial year, 68.7% of hires were women.

Women in people leader positions, STEM positions, and revenue generating functions and as people leaders

✓ Data externally assured (limited assurance)

% of headcount[1]

	2023/24	2022/23	2021/22
Share of women in people leader positions	54.6	54.4	51.2
Share of women in STEM-related positions	25.4	24.8	26.4
Share of women in revenue-generating functions and as people leaders	56.6	56.5	53.0

1) For scope and restatements please refer to the Basis for preparation chapter.

Leadership recruitment rate (LRR) for women

✓ Data externally assured (limited assurance)

% of headcount[1]

	2023/24	2022/23	2021/22
Share of women in total hires to leadership positions	57.8	65.3	54.7
Share of women in internal hires to leadership positions	64.0	60.3	57.6

1) For scope and restatements please refer to the Basis for preparation chapter.

As part of HearMe, our annual employee engagement survey, we measured Sonova's D&I index. The D&I index is based on seven questions which focus on whether people feel that the company supports diversity in the workplace, that it is safe to speak up, and that they can be themselves in the organization. In the 2023/24 financial year, we maintained our D&I index at 84%, which was 3% points higher than peers in the medical devices industry. As part of the survey, our employees may self-identify, on a voluntary basis, as belonging to a minority group within their team or function in terms of age, gender, language, ethnic origin, religion, sexual orientation, health status, or any other dimension. First the employees agree or disagree to self-identify and, if they agree, they can answer the questions with several options: "yes", "no", "prefer not to say," or "skip the question." Out of all employees who chose to answer, 23% of employees self-identified as belonging to a minority group.

D&I in HearMe

✓ Data externally assured (limited assurance)

Favorable answers as % of survey eligible headcount

	2023/24	2022/23	2021/22
HearMe diversity and inclusion score	84	84	83
HearMe self-identification as belonging to a minority group	23	24	25

Number of nationalities of all employees

✓ Data externally assured (limited assurance)

Number[1]

	2023/24	2022/23	2021/22
Number of nationalities	103	99	95

1) For scope and further information please refer to the Basis for preparation chapter.

Employees by nationality (top 5)

✓ Data externally assured (limited assurance)

% of headcount[1]

	2023/24	2022/23	2021/22
United States	16.0	16.9	14.9
Germany	15.3	15.3	17.0
China	9.7	10.4	7.4
Vietnam	7.0	8.0	9.1
Switzerland	4.8	5.3	5.8

1) For scope and further information please refer to the Basis for preparation chapter.

People leaders by nationality (top 5)

✓ Data externally assured (limited assurance)

% of people leader headcount[1]

	2023/24	2022/23	2021/22
Germany	26.6	27.7	31.3
United States	11.9	11.9	11.3
China	11.5	12.7	6.0
Poland	6.1	6.3	7.3
Switzerland	5.5	5.5	6.3

1) For scope and further information please refer to the Basis for preparation chapter.

Employees by age

✓ Data externally assured (limited assurance)

% of headcount[1]

	2023/24	2022/23	2021/22
All employees			
under 30 years old	19.8	20.5	22.5
30-50 years old	58.6	58.4	56.9
over 50 years old	21.6	21.2	20.6
Women			
under 30 years old	20.9	22.0	24.5
30-50 years old	59.0	58.4	56.5
over 50 years old	20.1	19.6	19.1
Men			
under 30 years old	17.7	17.5	19.0
30-50 years old	57.9	58.4	57.6
over 50 years old	24.5	24.2	23.4

1) For scope and further information please refer to the Basis for preparation chapter.

Occupational health and safety

GRI 403-2, 403-9, 403-10

Sonova is committed to maintaining a safe and healthy workplace where all employees are protected from harm. To do this, we have various health and safety procedures and processes, and regularly monitor and analyze potential risks across our operations. As a first step, we aim to prevent the occurrence of injuries by regularly performing internal health and safety audits. If an injury occurs, we establish the root cause and institute preventative measures. Health and safety processes are governed locally across our operations and distribution sites: each site has a dedicated owner responsible for local implementation of the health and safety program. Safety is the topic of daily meetings at each operations site, during which KPIs such as safety walks, observations, and accidents are reviewed and discussed. These KPIs are reported and discussed regionally on a weekly basis. Health and safety is an integral aspect of employee and contractor training, and a key criterion for our annual internal operations site award. Local operations or distribution sites also establish local action plans, including intensified local training and awareness-raising activities to further reduce exposure to work-related health and safety risks. Employees who work or come into contact with chemicals and/or hazardous substances are regularly trained in their safe handling.

Sonova's operations have a relatively low exposure to health and safety risks, with most injuries that result in lost time occurring through slips, trips or falls, or during goods movement, and not in the manufacturing process. The health and safety data summarized below covers approximately 20% of our global workforce, and focuses on employees in manufacturing, operations, and distribution roles. For the 2023/24 financial year, we include all of our manufacturing sites in Switzerland, Vietnam, China, Ireland, Germany, the United States, and our newly opened site in Mexico, our operations and distribution center in the United States, and our service centers in Spain and the United Kingdom. In the 2023/24 financial year we recorded a lost day rate of 47.5 and a lost-time injury frequency rate of 2.4. Compared to 2022/23, we strongly decreased the number of injuries across our sites. For the first time, we also report health and safety data for external temporary employees working in our operations, distribution, or service sites: no injury, illness, or fatality occurred among these employees during 2023/24.

Occupational health and safety

✓ Data externally assured (limited assurance)

	2023/24	2022/23	2021/22
Employees (regular, fixed term, and interns)[1]			
Number of work-related injuries	17	24	21
Number of hours worked	6,984,199	6,489,871	6,102,511
Lost day rate (LDR)	47.5	63.8	50.7
Lost-time injury frequency rate (LTIFR)	2.4	3.7	3.4
Occupational illness frequency rate (OIFR)	0	0	0
Work-related fatalities	0	0	0
External temporary employees[1]			
Number of work-related injuries	0	-	-
Number of hours worked	323,214	-	-
Lost day rate (LDR)	0	-	-
Lost-time injury frequency rate (LTIFR)	0	-	-
Occupational illness frequency rate (OIFR)	0	-	-
Work-related fatalities	0	-	-

1) For scope and further information please refer to the Basis for preparation chapter.

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

Sonova operates in a strictly regulated international environment with complex global value chains. It is crucial that we conduct our business responsibly by maintaining integrity and fostering ethical behavior.

The following chapters cover the different topics of the Acting with integrity pillar of our *IntACT* ESG strategy:

- Product safety
- Product quality and reliability
- Sustainable supply chain
- Business ethics and corporate governance
- Data privacy and digital ethics
- Ethical marketing and sales practices
- Human rights
- Public affairs

Product safety

Strategy, governance, and relevance

GRI 3-3, GRI 416-1

Product safety considerations are integrated into all our processes, from product development up to and including post-sale product use, as we are fully aware that product safety related risks could lead to health consequences for our consumers. Sonova's hearing instruments and cochlear implants are regulated globally by government agencies, healthcare authorities, and other regulatory bodies who verify our compliance throughout the life cycle of our products. We work to maintain transparent, constructive, and professional relationships with all applicable regulatory authorities on matters of policy, product submission, compliance, and product performance. Product safety governance and quality management systems are developed separately for each business unit, as the relevant regulations, processes, and products differ. The requirements we meet include design controls, marketing approvals, good manufacturing practices, vigilance systems, clinical studies, and other relevant product regulations, standards, and normative documents specified by regulatory agencies.

Policies and actions

For hearing instruments, our policies and procedures comply with healthcare authority requirements relevant to each territory in which they are distributed, such as the European Union's Medical Device Regulation 2017/745 and Radio Equipment Directive 2014/53/EU, and the US Food and Drug Administration (FDA) standards for Class I (hearing aids), and Class II (wireless hearing aids). In August 2022, the FDA established a new category for over-the-counter (OTC) hearing aids, which are intended to address perceived mild to moderate hearing loss in people aged 18 or older and are a product of our Consumer Hearing business. A submission to the FDA and subsequent 510(k) clearance is required before placing these products into commercial distribution in the US.

Cochlear implants and their accessories are regulated in the European Union by the Medical Device Regulation (MDR) 2017/745, and are subject to a technical documentation review before receiving the mandatory conformity (CE) marking and being placed on the market. In the US, cochlear implants are classified as Class III medical devices and subject to pre-market approval, where the FDA conducts an evaluation of the safety and effectiveness of these devices before commercialization. Sonova carefully monitors changes in the relevant worldwide regulatory environment to ensure that its products conform at all times.

For all products, we evaluate potential safety-related risks using a systematic method to estimate, evaluate, control, and monitor them; for hearing instruments and cochlear implants this is governed by the ISO 14971 standard, which specifies the application of risk management to medical devices. We ensure up-to-date knowledge of regulatory and statutory requirements through initial and maintenance training programs. Training requirements are based on job responsibilities and are identified in position descriptions. We provide employees with general training on the quality management system and on health, environment, and safety as applicable, and supplement this with any in-depth training needed to perform the work. We systematically identify and document the need for any further training and verify its effectiveness.

SASB HC-MS-430a.1, SASB HC-MS-430a.2, SASB HC-MS-430a.3

Product safety is an integrated element of the research, design, and development processes across all our businesses. From the outset of design and development, we document relevant inputs including functionality, performance, and safety requirements based on the intended use, applicable statutory and regulatory requirements, environmental impact, and clinical, consumer, and patient needs. Changes to these inputs go through the same approval process as the original design input. We conduct regular in-house product testing to validate design, and external third-party testing to ensure compliance with standards and regulatory requirements.

Once in commercial distribution, all our products are continuously assessed to improve safety and effectiveness, using tools such as complaint handling, post-market surveillance, vigilance reporting, reliability and trending analysis, and post-launch engineering to achieve and maintain regulatory compliance. We comply with the requirements for unique device identification, which provides unambiguous identification of specific devices and facilitates their traceability, as mandated by local regulations in various regions and countries across the globe.

Customer complaints are documented and reviewed for product safety and product performance trends through a system that complies with applicable regulatory and legal requirements. Early warnings of quality problems become an input for corrective and preventive actions. Our decisions are made based on risk analysis and health hazard evaluation, as applicable. We maintain records of all customer complaints and resulting investigations. If the investigation determines that activities outside Sonova contributed to the customer complaint, we take it up with the relevant supplier. If a customer complaint is not followed by corrective or preventive action, the reason is authorized and documented. We assure that regulatory authorities are notified according to national or regional regulations whenever advisory notes or recalls are necessary and/or adverse events occur that meet specified reporting criteria.

Performance measurements and targets

In the 2023/24 financial year, there were no product safety recalls in any of our businesses, nor a voluntary product recall. No products related to the Sonova Group were listed on any public medical product safety or adverse event alert databases with an indication of potential serious

SASB HC-MS-250a.1, SASB HC-MS-250a.2, SASB HC-MS-250a.3, SASB HC-MS-250a.4

risks or actual product safety issues. Sonova global facilities have been inspected by several regulatory agencies during the reporting year; there have been no enforcement actions for violation of Good Manufacturing Practice (GMP).

Hearing instruments: Product safety indicators[1]
✓ Data externally assured (limited assurance)

	2023/24	2022/23	2021/22
Number of recalls (class I, class II or equivalent)	0	0	0
Number of voluntary recalls	0	0	0
Products listed in any public medical product safety or adverse event alert database	0	0	0
Number of fatalities associated with products	0	0	0
Number of enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards	0	0	0
Number of regulatory agency inspections	13	13	10

1) Only data from financial year 2023/24 part of the external assurance. Further information can be found in the Basis for preparation chapter.

Cochlear implants: Product safety indicators[1]
✓ Data externally assured (limited assurance)

	2023/24	2022/23	2021/22
Number of recalls (class I, class II or equivalent)	0	0	0
Number of voluntary recalls	0	0	0
Products listed in any public medical product safety or adverse event alert database	0	0	0
Number of fatalities associated with products	0	0	0
Number of enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards	0	0	0
Number of regulatory agency inspections	4	5	2

1) Only data from financial year 2023/24 part of the external assurance. Further information can be found in the Basis for preparation chapter.

Product quality and reliability

Strategy, governance, and relevance

GRI 3-3

The quality and reliability of our products is essential to meeting the expectations of our consumers. It is integrated into our product development, production, and distribution processes, and we strive for continuous improvements. The risks of not meeting expectations in this area are an increase in customer complaints, as well as reputational damage, product waste, and costly management of returned products. Quality monitoring is embedded across all our businesses: in research, product design, and production. We closely monitor our markets and use design for reliability (DFR) principles in our development processes to ensure that product quality is built in from the design to the manufacturing phase.

Governance for quality and reliability is established individually in each of our businesses to fulfill the specific quality requirements of each product and enable prompt, detailed actions for improvement. We have established quality management systems as well as cross-functional quality and reliability teams.

Policies and actions

For each business, quality policies and manuals ensure that the quality culture and awareness is maintained throughout the organization. We provide specific training programs through our learning platform to instill awareness of quality and reliability topics among relevant employees.

Our operations centers for hearing aids and cochlear implants, and major Group companies, are certified to the International Organization for Standardization (ISO) 13485 standard and fulfill the quality management systems requirements of the US Food and Drug Administration (FDA) Quality System Regulation, Title 21 CFR Part 820. Third-party audits are conducted annually at all ISO 13485 certified operations centers and major Group companies to ensure that the quality of manufacturing, management, and products (including materials and components) is in line with the standard. Product quality information is also part of supplier evaluation when relevant: using a risk-based approach, we initiate additional measures – such as process and product validation procedures for battery suppliers – to ensure high quality.

In addition to external audits, Sonova conducts internal audits of its established systems to determine the effectiveness of the quality management system and its conformance to the requirements of ISO standards, FDA regulations, relevant European legislation, other country-specific and Medical Device Single Audit Program (MDSAP) requirements. Procedures have been established to define the responsibilities and requirements for planning and conducting audits, and for reporting results and maintaining records. We plan each audit program based on past audit results, along with the significance and status of processes and areas to be audited; these determine the audit criteria, scope, frequency, and methods. Qualified personnel, who are independent of the task being audited, conduct the audits, and management, at its discretion, may also bring in additional resources to assist. Audit findings are documented and reported to the responsible topic owner, who ensures that action is taken promptly to eliminate any noted instances and causes of non-compliance. We document and file reports on the corrective actions, their review, and other follow-up activities. After each audit is completed, its data is reviewed to identify possible trends.

We document and review every customer complaint related to product quality or reliability to assess root causes and identify remedial measures. During the 2023/24 financial year, such measures included software improvements, product design adjustments, manufacturing process refinements, and agreements with critical suppliers to improve the quality and reliability of components. For our Cochlear Implants business, we annually report on implant reliability: more information can be found in the annual Global AB 2023 Implant Reliability Report available on the Advance Bionics website.

Performance measurements and targets

Key ESG targets:
We improve product reliability rate by >20% year-over-year for hearing instruments.
We improve product reliability rate by >20% year-over-year for cochlear implants.

We strive to continuously improve product reliability and reduce returns and repairs. In the 2023/24 financial year, the cochlear implant externals/processors reliability rate improved by 14% compared to the previous year, not achieving our target. The hearing instruments reliability rate improved by 7% compared to 2022/23, however, not reaching our annual target. We will continue to sharpen our focus on reliability for the coming financial year.

Product reliability rates year-over-year improvements

✓ Data externally assured (limited assurance)

Improvement vs. previous year[1]	2023/24	2022/23	2021/22
Improvement of Hearing instruments product reliability rate	7%	(2%)	(3%)
Improvement of Cochlear implants product reliability rate (externals/processors)	14%	27%	19%

1) For scope and further information please refer to the Basis for preparation chapter.

Sustainable supply chain

Strategy, governance, and relevance

GRI 2-6, GRI 3-3, GRI 308-2, GRI 412-2

At Sonova, sustainable supply chain encompasses a broad range of topics: material traceability, responsible sourcing, and environmental and social impacts across the value chain. Our commitment to delivering high quality products to our customers and consumers makes responsible sourcing and manufacturing processes and performance vital. We are aware that our sourcing and manufacturing could negatively impact society and the environment. Our corporate values and our quality and safety standards aim to protect the value we add to society. The biggest potential for negative impact lies outside our operations, in our supply chain: in the 2023/24 financial year, 54% of Sonova's corporate carbon footprint is in the materials and services that we buy. Human rights violations, such as forced or child labor, are more likely to occur in extracting and sourcing materials than in Sonova-owned factories. Sustainability risks can cause reputational damage, supply chain disruption, and financial loss through environmental taxes and regulations. Consumers and government bodies increasingly demand supply chain transparency and responsibility, which can therefore become criteria for deselection of a product or brand.

Over 90% of our hearing instruments are produced in the Asia/Pacific region, at our own centers in Vietnam and China. Our cochlear implants are produced at our center in Valencia, United States. Production for our Consumer Hearing business takes place at our own factory in Tullamore, Ireland or at third-party facilities in China. In February 2024, we opened our new operations center in Mexicali, Mexico for manufacturing of both hearing instruments and cochlear implants. In 2023/24, we purchased from 1044 direct material suppliers: 797 for our Hearing Instruments business, 183 for our Cochlear Implants business, and 64 for our Consumer Hearing business. Based on spend, 63% of direct materials were purchased in the Asia/Pacific region, 10% from Switzerland, 22% from Europe (excluding Switzerland), and 5% from North America. In terms of business relationships, more than 95% of our spend is with suppliers with whom we have over 10 years of business dealings and more than 80% with over five years.

Sonova's procurement function reports to the VP Value Chain Management. The procurement leadership team reviews progress on key sustainability metrics on a monthly basis, alongside other supplier risk and performance assessments. Sonova tracks monthly the greenhouse gas emissions attributable to the direct materials supplied to the Hearing Instruments and Cochlear Implants businesses, which allows for monitoring trends and identifying high emitting suppliers. Progress on material sustainability topics, such as carbon emissions, compliance, and supplier risk assessment is elevated to the ESG Council each quarter. During the 2023/24 financial year Sonova hired a Senior Global Supply Chain Sustainability Manager to drive environmental and social actions in our value chain and to strengthen our procurement processes.

Policies and actions

Sonova's relations with suppliers are guided by the Sonova Group Supplier Principles (SGSP). The SGSP, the Sonova Code of Conduct, and the General Conditions of Purchase are the foundation for all supplier agreements. Suppliers must certify in writing that they will always comply with these standards and principles in all of their Sonova-related dealings, activities, products, and services. Sonova includes this certification in all supply agreements, and periodically requests suppliers to renew their adherence. During the 2023/24 financial year, we continued the work on our upcoming Supplier Code of Conduct which will replace the SGSP in the coming financial year and further embody our commitment to sustainability.

In 2023/24, we started embedding sustainability in the core procurement processes. It is now part of the predictive procurement risk assessment matrix and critical supplier assessment process, based on EcoVadis scorecards and risk pre-screening. Additionally, sustainability requirements are gradually being included in the new supplier agreements and RFx (request for proposal, information, or bid) processes.

Sonova conducts regular sustainability and corporate ESG strategy training for its procurement organization. In 2023/24, we trained direct material buyers across the business units on EcoVadis assessment processes and supplier engagement. In the coming year, we will deploy a mandatory training curriculum consisting of EcoVadis Academy training and in-house content. Suppliers that register for EcoVadis assessment also receive access to EcoVadis Academy, a platform that provides curated content on various sustainability topics to enable ESG capability building. Suppliers are further supported through 1:1 engagement in the context of corrective action plans or carbon reduction programs.

We are currently developing a supplier engagement program that focuses on two lines of action: risk management and carbon reduction initiatives. We began in 2023/24 with 1:1 engagements and pilot projects that we expect to scale up in the coming financial year. The supplier engagement program covers:

- **Risk management:** we are engaging with relevant suppliers with potentially high ESG risk and high business impact via EcoVadis. Sonova provides the suppliers with guidance on how to successfully complete the assessment process and sustainability metrics that are relevant for our business relations.
- **Carbon reduction pilot:** We have defined our 10 suppliers with the biggest carbon reduction potential. We offer support and knowledge sharing to help suppliers map out emissions, set targets, identify ways to reduce emissions and, finally, to enable accounting for emissions reductions at the product level. By engaging with our suppliers on improving their sustainability impact, and supporting them on the journey, we are reducing risks, strengthening relations, and creating opportunities to innovate and grow business together.

Performance measurements and targets

Two years ago, Sonova established the following target for responsible sourcing of direct materials in our Hearing Instruments business.

Key ESG target:
We aim to conduct assessments of >90% of direct material suppliers with potential high ESG risk by 2023/24.

Sonova implemented an assessment process with EcoVadis in the 2022/23 financial year to evaluate the sustainability performance of our suppliers. Pre-screening for inherent sustainability risk is based on supplier geography and the industry sector. Suppliers rated as either high or very high were asked to perform a self-assessment covering: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. Out of 500 suppliers screened, 13 were identified as high or very high ESG risk suppliers, and requested to self-assess via EcoVadis. By the end of the 2023/24 financial year, we reached our target with 100% completion for very high and high ESG risk suppliers. For the coming year, Sonova will maintain the target and expand the range of suppliers assessed for sustainability risks to our Consumer Hearing business.

Assessed high ESG risk suppliers

✓ Data externally assured (limited assurance)

% of high ESG risk suppliers that have been assessed in EcoVadis[1]

	2023/24	2022/23
High ESG risk suppliers assessed	100%	78%

1) For scope and further information please refer to the Basis for preparation chapter.

GRI 308-2, GRI 414-2

Only direct suppliers to our Hearing Instruments business were screened by the EcoVadis risk assessment in this financial year. Suppliers were scored based on their sustainability performance, processes, and governance and received a scorecard with highlighted areas of improvement. Any suppliers with low assessment scores were engaged and helped to develop an action plan to improve their practices. The assessments revealed areas for potential improvement including lack of policies, limited transparency on ESG performance, and weak sustainability governance. Following the assessments, Sonova identified two suppliers with improvement needs; both have been engaged, and have action plans to ensure meaningful improvement. Monitoring the progress of these actions is part of Sonova's supplier management.

In addition to suppliers with ESG risk, Sonova maintains and continuously assesses a critical supplier list, which consisted of 34 suppliers at the end of the 2023/24 financial year. Critical suppliers include those whose materials have a direct impact on the performance of our products or come into direct contact with the skin of users (critical components); those whose items or materials are not substitutable (e.g., due to technology, sustainability, quality, or regulations); and those who supply high volumes. The classification of critical suppliers is carried out at the beginning of each new supplier relationship and is reviewed regularly. For our Consumer Hearing business, 5 onsite audits, including aspects of sustainability took place, and more than 50 supplier visits for Hearing Instruments.

SASB HC-MS-430a.1

Supplier audits

✓ Data externally assured (limited assurance)

number of supplier audits in the Consumer Hearing business[1]

	2023/24
Number of supplier audits	5

1) For scope and restatements please refer to the Basis for preparation chapter.

Business ethics and corporate governance

Strategy, governance, and relevance

Sonova is committed to ethical business conduct across the organization at all levels, and in our dealings with stakeholders. We are committed to following the laws and regulations of every country in which we operate, as well as to abide by our own Code of Conduct and other internal policies and standards. These policies are established to prevent risks from unethical practices including fraud, corruption, and bribery as well as anti-competitive practices or infringement of intellectual property.

GRI 3-3, GRI 2-23, GRI 2-24

SASB HC-MS-510a.1

The ultimate oversight for business ethics and compliance lies with the Board of Directors. The Audit Committee receives quarterly compliance reports, and an annual compliance report is provided to the Board of Directors. The Compliance and Digital Ethics committee, which is composed of Management Board members, reviews and assesses adherence to the compliance standards for individual business units and Sonova as a whole. The Compliance and Data Privacy function is in place to oversee adherence to the policies and standards. This function is headed by the Senior Director Compliance and Data Privacy, who reports to the Group General Counsel, and with a dotted line to the CEO and the Chair of the Audit Committee.

Policies and actions

Sonova's Code of Conduct defines general principles for ethical behavior and applies to all employees of the Sonova Group, its subsidiaries, and any third parties such as distributors, agents, or suppliers while they are performing work for Sonova. An acknowledgment of the Code of Conduct is part of every new employment and third-party contract. The Code of Conduct is approved by the Board of Directors, is reviewed regularly, revised when necessary, and governs all relevant aspects of Sonova's business operations. It covers compliance with laws and regulations, conflicts of interest, anti-competition and Sonova's commitment to social and environmental responsibility such as human rights, diversity and inclusion, non-discrimination, and safety in the workplace. The Code of Conduct is available in 18 languages and was updated in 2019/20.

SDG 5.1

The principles of the Code of Conduct are further refined in various internal guidelines and policies, including – but not limited to – antibribery, interactions with hearing care professionals, competition law, human rights, data protection, securities trading, public disclosure, and reporting. Non-compliance with the Code of Conduct or Sonova's internal policies and guidelines triggers disciplinary action, up to and including termination of the employment contract. Sonova's distributors, suppliers and vendors go through an onboarding due diligence process before being contracted for their services. This helps ensure that our upstream and downstream partners conduct their business in accordance with Sonova's Code of Conduct and in compliance with the relevant individual policies.

Sonova's mandatory Code of Conduct training is conducted annually for all employees worldwide and gives guidance on how to act with integrity and how to identify and report potential violations such as conflict of interest, harassment, fraud, discrimination, corruption, or breach of secrecy. The Code of Conduct training is launched through our online SonovaLearning platform and via classroom training programs for employees who do not have access to a computer in performing their role. Third parties are regularly instructed to ensure adequate understanding and compliance with the Code of Conduct.

Sonova's Anti-Bribery Policy, updated in 2022, prohibits all forms of corruption and provides the framework for ethical interaction with customers, consumers, and third parties – with particular focus on Sonova's interactions with health/hearing care professionals (HCPs) and health care organizations (HCOs). The Anti-Bribery Policy has been communicated to all Sonova employees worldwide and is available in 18 languages. Third parties must commit to complying with the principles described in the Anti-Bribery Policy. The content of the Anti-Bribery Policy has been integrated in the annual mandatory Code of Conduct training since 2022/23. In addition, mandatory yearly training on the Anti-Bribery Policy has been rolled out to employees in defined functions such as sales and marketing, finance, and Group company roles such as Managing Directors and company controllers.

GRI 205-2

SDG 16.5

Sonova's Global Competition Law Policy describes the basic principles of fair competition while conducting business. All Sonova employees worldwide have access to the policy (available in 18 languages) and must comply with the principles it sets out. A targeted annual training has been deployed to employees in defined functions that have increased exposure to competition law requirements.

Sonova strongly encourages every employee, contractor or other stakeholder who knows of or suspects a violation of applicable laws, regulations, the Code of Conduct, or related internal policies and procedures to report it through the SpeakUp reporting platform. To further support the culture of SpeakUp, Sonova issued a SpeakUp policy in April 2023, which was included in the annual Code of Conduct training for all employees. In addition, a global communication campaign was launched in August 2023 within individual Sonova Group Companies. The SpeakUp platform is operated by an independent third-party provider and safeguards the anonymity of the reporter. Employees may report a concern to their line manager, their local HR function, a compliance manager, or directly via the SpeakUp platform. Employees, third parties or other external business partners can report a concern either by phone or via a secure website. Relevant phone numbers and websites are listed within the Code of Conduct, on the Sonova employee intranet as well as on SpeakUp platform webpage. Sonova has a defined escalation process to handle and report SpeakUp complaints. The complaints are classified according to their impact (global/local) and/or the implicated person. The escalation process includes the handling of local matters by local management under the guidance and oversight of the Global Compliance team. All matters with global impact (both in severity and/or where senior members of management are implicated) are investigated by the Global Compliance team which reports directly to the Board of Directors and the Audit Committee. Sonova's SpeakUp platform and process are compliant with the EU Whistleblower directive and have been audited and verified by external auditors.

GRI 2-25, GRI 2-26

All reported violations are promptly investigated and treated confidentially to the extent that it is reasonably possible to do so. Sonova does not tolerate any form of retaliatory action against any employee who, in good faith, reports suspected wrongdoing, or complains about violations of the Code of Conduct or other internal policies. The Audit Committee of the Board of Directors is informed quarterly about concerns received through the SpeakUp process, the number and types of cases, and the measures taken. Regular training programs on the SpeakUp process reinforce the importance of reporting violations, along with the process and channels for doing so. This training has generated an increase in the number of SpeakUp messages received year-on-year. SpeakUp statistics are published on Sonova's internal platforms to increase trust and assure employees that their concerns are addressed in a timely manner.

Performance measurements

Key ESG target:
We achieve an annual on-time employee Code of Conduct training completion rate of >95%.

In the 2023/24 financial year, the target was achieved with an overall on-time completion rate of 97.4%. Annual training for 2023/24 included further global communication on the purpose of Code of Conduct training and an improved reminder process.

On-time completion rate of Code of Conduct training

✓ Data externally assured (limited assurance)

% of employees that completed the Code of Conduct training on time during the annual launch[1]

	2023/24	2022/23	2021/22
On-time Code of Conduct training completion rate	97.4	93.8	86.0

1) For scope and further information please refer to the Basis for preparation chapter.

In the 2023/24 financial year, a total of 215 SpeakUp complaints were reported to the Compliance function. All allegations were promptly addressed by the internal investigations team, supported by external experts as needed. 44% of the complaints were substantiated and followed up with appropriate actions ranging from verbal or written warnings up to termination of employment.

SpeakUp complaints

✓ Data externally assured (limited assurance)

number of SpeakUp complaints

	2023/24
Total number of SpeakUp complaints	**215**
HR, diversity and workplace respect	44
Discrimination/harassment	40
Customer data privacy	35
Data protection	20
Misuse/misappropriation of corporate assets	18
Business integrity	16
Conflict of interest	14
Accounting, auditing and finance	8
Environment, health and safety	2
Corruption/bribery	1
Money laundering or insider trading	0
Other	17

No fines or non-monetary sanctions for non-compliance were levied against Sonova in the 2023/24 financial year.

GRI 2-27, GRI 206-1

Corporate governance and compensation

Sonova's governance structure, composition, and responsibilities are reported in the corporate governance chapter of the 2023/24 Annual Report. Further information about ESG governance can be found in the ESG strategy and governance chapter. Information about the compensation principles and system, and the 2023/24 compensation for the Board of Directors and the Management Board, is reported in the compensation report. The compensation report covers the component of Variable Cash Compensation related to the ESG targets.

Risk management and internal audit

Sonova has an established approach to identify and assess strategic, operational, financial, legal, reputational, and compliance risks related to our business activities. Our risk management approach is aligned with international standards, such as the Committee of Sponsoring Organizations (COSO) internal control framework. The risk management function categorizes risks by impact and likelihood and supports the Management Board to determine the measures necessary to address or mitigate the risks. In accordance with the Audit Committee Charter, the Audit Committee reviews the company's risk assessment prepared by Risk Management before it is presented to the Board of Directors. The Board of Directors approves the risk assessment and provides strategic guidance. To continuously monitor key risks and their mitigation, the Risk Management function prepares risk status reports which are discussed by the Management Board and presented to the Audit Committee on a quarterly basis. Currently, Sonova's risk map consists of 42 risks, of which 16 are designated as key risks. Topics including climate change, human rights and labor practices, loss of key talent, infringement of data privacy, cyber security, infringement of information security, product quality, and regulatory compliance are evaluated in the regular risk assessment process together with all other business risks.

The risk management and internal audit function, including the Senior Director Internal Audit and Risk, reports directly to the Chair of the Audit Committee and, with a dotted reporting line, to the Group CFO. Internal Audit conducts compliance and operational audits and assists functions and Group companies by providing independent evaluation of the effectiveness of internal controls in processes. Local management is responsible for control of business risks and compliance with laws and regulations. The Audit Committee approves the annual work plans of Internal Audit and ensures that the relevant Group companies are adequately reviewed according to their risk scoring. The Audit Committee also reviews and discusses the reports on completed audits submitted by Internal Audit. Internal Audit, together with Business Controlling, monitors the implementation by Group companies of any measures necessary to address findings from previous audits, and provides quarterly reports to the Audit Committee.

Taxes

Sonova fulfills its tax obligations, including corporate and employee related taxes, customs duties, and other taxes, contributing significantly to societies globally. As outlined in the Code of Conduct, Sonova is dedicated to compliance with laws, rules, and regulations, and to managing its global operations according to relevant international standards. The Group Tax Principles, described below and available to the public, govern tax compliance procedures and internal guidelines for all entities majority-owned or controlled by Sonova.

- **Tax follows the business:** Sonova does not use offshore tax structures (tax havens) or artificial structures for tax purposes. It does not shift functions or risks internationally solely for tax reasons. Newly acquired companies undergo integration, including unwinding tax schemes, if any, to align with Sonova's tax policies and OECD Base Erosion and Profit Sharing (BEPS) principles.
- **Full compliance:** Sonova fully adheres to applicable laws, international standards such as the OECD-G20 BEPS Initiatives, and European guidelines (ATAD). When multiple options are legally compliant, Sonova suggests the most tax-efficient approach consistent with maintaining the Group's good reputation.
- **Transfer pricing:** Sonova conducts periodic reviews to align its global cross-border operations and value chains. Arm's length profit allocation within these chains is ensured through annual reviews and benchmarking analysis. Inter-company transactions are consistently monitored to comply with international standards and Sonova's internal processes.
- **Cooperation with tax authorities:** Although Sonova has not entered Advanced Pricing Agreements (APAs), it nevertheless highly values open and proactive cooperation with tax administrations globally, fostering constructive dialogue on tax matters.

Sonova submits a Country-by-Country Report (CbCR) to the Swiss Federal Tax Administration which is shared with tax authorities worldwide through automatic information exchange. The Transfer Pricing Master File, along with local file templates, is prepared by the Corporate Tax team. Local organizations, with support from the Corporate Tax team, complete the Local Files following OECD BEPS Action 13 and requirements foreseen by local laws. Once public disclosure of the CbCR becomes mandatory, Sonova is ready to comply. We have also implemented a reporting tool to handle Mandatory Disclosure Reporting, as per EU Council directive 2018/822

(DAC-6), and are preparing to comply with the minimum tax requirements of BEPS 2.0 – Pillar II and its local implementation.

Information on earnings before tax, reported taxes, reported tax rate, cash taxes paid, and cash tax rate is reported in the Note 5.1 Taxes in the 2023/24 Annual Report. Sonova's lower tax rates compared to industry averages may stem from operating losses in prior years. Additionally, being a Swiss-based multinational with substantial operations in Switzerland, it benefits from Switzerland's lower tax rate. Cash tax paid is significantly affected by provisional and final payments.

Animal welfare

SASB HC-MS-410a.1

We are required to demonstrate biological safety of our medical devices by complying with ISO 10993-1, the standard for all medical devices with body contact. This standard defines that animal tests must be considered in biological safety evaluations and, in some cases, cannot be completely avoided. As part of our contributions to research, we provide components of cochlear implants to research centers and universities where they are tested on animals for research into safety, feasibility, or efficacy of new technologies. Sonova does not carry out any animal testing in-house and works with only a small number of third parties. We are committed to the Three Rs principle – replacement, reduction, and refinement – to limit animal testing as far as possible.

Replacement

- We use non-animal alternative methods, including testing with 3D skin models or assessment with computational toxicology models, where these methods are appropriate and are accepted by regulatory bodies.
- We promote the development and regulatory acceptance of new in-vitro methods by collaborating with test method developers and actively participating in working groups of the international standardization process.

Reduction

- We apply strategies to reduce the number of animals used in testing.
- We strive to avoid completely any unnecessary or duplicated testing by using previously evaluated or historically established biologically safe materials whenever possible and taking advantage of prior research among the various Sonova companies around the world.
- We emphasize risk assessment to clearly evaluate any need for animal testing.

Refinement

- Whenever possible we select test methods that minimize the distress caused to animals.
- We conduct all animal testing for biological safety evaluations through appropriately accredited testing laboratories in which all tests are carried out in accordance with good laboratory practice. We conduct animal testing for research collaborations only through universities and research laboratories where experiments are reviewed, approved, and overseen by the respective ethics committees.

Data privacy and digital ethics

Strategy, governance, and relevance

GRI 3-3

We are committed to operating ethically and in compliance with regulation, and continuously prioritize actions and measures to ensure that we protect the data of our consumers and other stakeholders. We operate in a highly digital environment and leverage technology for our products. The relevant identified risks include financial, and psychological harm to victims of data breaches and cyber-attacks, as well as loss of our stakeholder's trust. We have therefore established organizational and technical safeguards to protect the data we gather and hold relating to our employees, customers, consumers and business partners, as well as to mitigate the increasing threat of data breaches and cyber-attacks. We adhere to the data protection laws and regulations of the jurisdictions in which we operate, and we monitor developments in data protection law.

Privacy by design and default is a central aspect of our product development and business processes. Sonova's Global Privacy Office is responsible for implementing and monitoring the Sonova Data Protection program and provides training and guidance to our business functions and employees. To support it, a team of over 100 Privacy Champions are tasked to embed privacy protection at the Group company level. Both the Global Privacy Office and Internal Audit are tasked to monitor program and policy effectiveness. The Data Protection program continuously evolves to meet the changing legal landscape.

Sonova's Compliance and Digital Ethics Committee is responsible for and has oversight of ethical use of personal data in the digital realm. It works to establish AI ethics oversight measures, frameworks, and governance structures to ensure the responsible integration of digital technologies.

In early 2023, Sonova appointed an Information Security Officer (CISO) with oversight responsibility across information security domains (including IT, Operations, and Product Cyber Security) for all business units and global functions. The Information Security function defines our Information Security strategy and its roadmap to execution. It sets up governance structures to manage information security risks and to report and escalate these to Senior Management; it establishes and sustains a firm-wide cyber aware culture to ensure information security is a shared responsibility; it defines information security policies; and it provides guidance and support to business. The Information Security function reports directly to the Group CFO. The Management Board and the Board of Directors receive regular updates on information and cyber security. As part of Sonova's risk management system, risks related to information security are identified, assessed, and escalated to Senior Management. Further information on how Sonova monitors and mitigates those risks is provided in the Risk Management section of this chapter.

Policies and actions

Sonova's Group Data Protection Policy, effective since 2018 and updated and enhanced in October 2021, covers all personal data collected or processed by Sonova, and applies to all Sonova legal entities and their employees and contractors on a worldwide basis. The policy provides transparency to our customers and gives assurance on meeting privacy requirements across the globe. The policy is complemented by standard operating procedures and guidelines to provide more detailed guidance on specific data protection and privacy topics.

Sonova deploys mandatory annual online training for all employees (complemented by on- and offline training for specific departments and teams), webinars, and communication platforms for knowledge exchange. Training courses cover essential legal principles and requirements, including Sonova's Data Protection Policy and such legal frameworks as the EU General Data Protection Regulation (GDPR), the Health Insurance Portability and Accountability Act (HIPAA), the California Consumer Privacy Act (CCPA), the Personal Information Protection and Electronic Documents Act (PIPEDA), and relevant Chinese data protection and security laws.

Sonova maintains a set of directives and guidelines governing cyber security on IT services for the functions and businesses controlled by Sonova. These directives define the use of IT assets, the secure use of systems and programs, and the appropriate and secure management of data, and is complemented by a set of specialized security standards. In addition to the directive, Sonova's Information Security Guideline specifies processes and responsibilities to ensure IT and cyber security, including the security of digital information processed and stored on our products. This guideline is amended and supplemented regularly to meet fast moving changes in IT and cyber security.

Sonova regularly tests its business continuity/disaster recovery plans and incident response procedures and, for higher risk situations, conducts further annual tests with external providers. In areas with heightened exposure or security risk, proactive penetration tests are conducted annually by qualified external providers. We also perform regular internal assessments and periodic third-party vulnerability analysis. Sonova holds an information security risk insurance policy.

Sonova has a global Information Security Awareness program to establish and sustain a cyber aware firm-wide culture and ensure information security is a shared responsibility. As well as mandatory training for all employees on best practices, key threats, and measures to recognize and mitigate them, the Information Security team delivers targeted training for specific groups and functions, provides regular global and local campaigns and events, and performs cyber security resilience exercises (e.g., phishing).

Performance measurements and targets

In the 2023/24 financial year, we did not experience a material information security breach, nor a substantiated complaint related to a material customer data breach.

GRI 418-1

Breaches overview

✓ Data externally assured (limited assurance)

Number[1]	2023/24[1]	2022/23[1]	2021/22[1]
Total number of material information security breaches or other cybersecurity incidents	0	0	0
Total number of substantiated complaints concerning material data breaches	0	0	0

1) Only data from financial year 2023/24 part of the external assurance. Further information can be found in the Basis for preparation chapter.

Ethical marketing and sales practices

Strategy, governance, and relevance

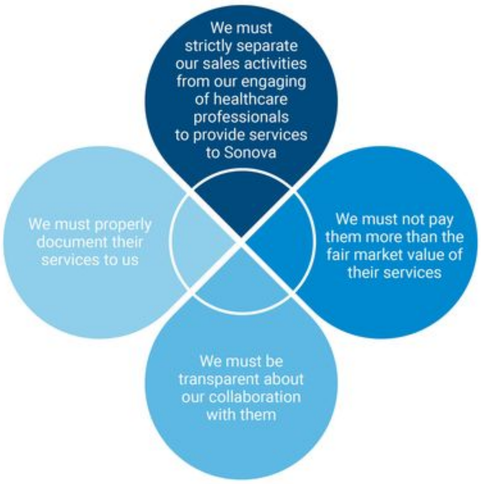
At Sonova, we are committed to ethical marketing and sales practices towards all our customers and consumers, across all our business and channels. We strictly adhere to relevant regulatory requirements and act promptly to prevent any inappropriate action or misleading claim about our products and services. Preventing misleading, confusing, or opaque information helps to avoid negative impacts. We aim for our marketing statements, advertisements, and labeling of products and services to be transparent, accurate, balanced, and comprehensive.

SASB HC-MS-240a.2

Sonova has two separate governance structures for marketing and sales practice: one covering medical devices, including related accessories and services, and one for non-medical devices. The regulatory and scientific compliance of product performance claims is assured through an interdisciplinary and cross-department development activity, involving groups from Marketing, Research and Development, Clinical Affairs, and Legal.

Policies and actions

Our commitment to ethical marketing and sales practices is embedded in our Code of Conduct and detailed in relevant policies, guidelines, and standard operating procedures. Our Anti-Bribery Policy and its related standard operating procedures and country-specific guidelines define how we should interact in an ethical manner with hearing care professionals (HCPs) such as audiologists and acousticians, professors, surgeons, ear, nose and throat specialists, and researchers. We continually interact with HCPs in various roles and settings; at all times, our cooperation with them is governed by our Four-Leaf Clover Principles, below:



The training we give to all employees on our Code of Conduct covers the principles of anti-bribery and ethical conduct. Further dedicated anti-bribery training is mandatory for employees in defined roles, including sales, marketing, and finance, as well as for Group company roles such as Managing Directors and company controllers. Our standard operating procedure for claims management sets out clearly how to assess, substantiate, and monitor safety and performance related marketing claims for Sonova's medical devices, including their related accessories and services. For medical devices, before being disseminated, safety and performance related marketing claims go through a standardized review and approval process to ensure sufficient evidence, quality and compliance with global regulatory requirements. Relevant employees must complete annual training on the claims management procedure; during 2023/24, more than 300 employees completed the training. An equivalent standard operating procedure is under development for Sonova's non-medical devices, such as those produced by our Consumer Hearing business.

Further training will be given to all employees in the coming financial year to provide clear guidance on responsible and appropriate behavior in communications, and specifically when interacting with social media platforms. This is intended to ensure that Sonova employees do not intentionally or unintentionally create any new, potentially unsubstantiated marketing claims on social media.

Performance measurements

In the 2023/24 financial year, there were no monetary losses because of legal proceedings associated with misleading marketing claims. All medical device related claims have been sufficiently substantiated for all of Sonova's hearing instrument brands.

SASB HC-MS-270a.1

Human rights

Strategy, governance, and relevance

Sonova is committed to respecting and supporting human rights; this commitment extends across our worldwide operations and along our value chain. Wherever it is conducted, Sonova's business could have potential impacts on human rights, whether through our own operations or through business relationships. We therefore work with our business partners along the value chain to prevent or mitigate human rights risks. We are committed to maintaining high standards of business ethics and integrity in accordance with the law, as well as with recognized human rights and labor standards as outlined in international human rights frameworks, such as the:

SDG 8.7, SDG10.2

- Universal Declaration of Human Rights (UDHR)
- United Nations International Covenant on Civil and Political Rights
- United Nations International Covenant on Economic, Social and Cultural Rights
- International Labor Organization (ILO) - Core Labor Conventions

- United Nations Guiding Principles on Business and Human Rights (UNGP)
- OECD Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- UNICEF's Children's Rights and Business Principles (CRBP)
- ISO 45001 Occupational Health and Safety Management (OHS) Standard
- ISO 14001 Environmental Management
- ILO-IOE Child Labour Guidance Tool for Business

The Board of Directors assigned the responsibility for human rights monitoring and implementation to Group Legal and Compliance. The actions of Group Compliance are implemented by its own dedicated employees, supported by a cross-functional working group which periodically assesses and monitors human rights risks along Sonova's value chain. Our efforts are continuously guided and benchmarked with support from external experts. We have also created the role of Human Rights Manager to ensure coordination of our human rights related actions.

Sonova has established a human rights due diligence (HRDD) framework, aligned with the United Nations Guiding Principles on Business and Human Rights (UNGP), which covers 6 elements:

In the 2023/24 financial year, Sonova's Global Compliance, Procurement, and Legal teams have been working on a revised HRDD process to remain compliant with emerging local regulations.

Sonova complies with the Swiss Code of Obligation Art. 964j for due diligence and reporting obligations related to child labor. We qualify for the exception clause provided in the law, since our human rights due diligence fully aligns with the following international frameworks: the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the ILO Conventions No. 138 on Minimum Age and No. 182 on the Worst Forms of Child Labour, the ILO-IOE Child Labour Guidance Tool for Business, as well as the United Nations Guiding Principles on Business and Human Rights (UNGP).

Sonova also reports on its human rights due diligence practices in compliance with local regulations, including the UK's Modern Slavery Act and the Norwegian Transparency Act.

Policies and action plans

Our commitment to human rights is described in the Code of Conduct and explained in our Human Rights Policy. This policy supports the key elements of the HRDD framework by providing for periodic human rights risk assessments along the value chain, enhanced due diligence through social audits in high-risk areas, and channels for reporting grievances and seeking remedy for violations – all using a risk-based approach. The policy outlines the key human rights risks (salient issues) identified by Sonova within its value chain. Human rights commitments are also governed by function specific standards, such as the Sonova Group Supplier Principles

(SGSP), which covers our upstream value chain. In the 2023/24 financial year we initiated a process to introduce a new Supplier Code of Conduct, which will replace the SGSP and further strengthen our human rights commitments in the value chain.

All human rights issues are treated with equal rigor, but our human rights risk assessments assign priority to those rights that could be most salient to our business. We prioritize human rights issues based on their scale, scope, and remediability, and recognize that negative impacts on human rights may be particularly severe for some people due to their vulnerability or marginalization. The severity of impacts can evolve over time; we therefore regularly reevaluate our human rights risks through stakeholder dialog and assessments.

SDG 8.8

In November 2022 Sonova conducted its second high-level human rights risk assessment, building on the first from 2020. It was led by a cross-functional working group, supported by external business and human rights experts. The assessment covered our global value chain and ranked potential human rights issues based on the severity of the risk to potentially affected people. Our initial risk assessment in 2020 used a range of methods, including value chain mapping, issue mapping, consultations and interviews, desk research, and internal workshops. In 2022, the assessment methods included desk research and internal workshops along with a re-assessment of the salient human rights issues described in the table below. The overall list of salient issues remained as such, despite the enlargement of the business and an unsettled geopolitical environment. We did, however, institute a new human rights risk registry that includes detailed information on the severity of each issue (based on scale, scope, and remediability), its likelihood of occurrence, and Sonova's ability to influence it. This established a useful internal tool to systematically address and monitor risk-based measures to prevent or mitigate Sonova's salient human rights issues. The next human rights risk assessment will be conducted during the 2024/25 financial year.

GRI 408-1, GRI 409-1

Human rights issue	Definition of human rights & issue illustration
Access to healthcare	Access to healthcare must be non-discriminatory. Access can be physical, economic (affordability), and/or informational in its nature. According to the UN Committee on Economic, Social and Cultural Rights, "health facilities, goods and services must be within safe physical reach for all sections of the population, especially vulnerable or marginalized groups (…)".[1]
Child labor	Child labor refers to work performed by people under 18 and is prohibited by international standards. Employment or work may be authorized as from the age of 15 years (or 14 in certain developing countries) on condition that the health, safety, and morals of the young persons concerned are fully protected and that the young persons have received adequate specific instruction or vocational training in the relevant branch of activity (special protections for young workers).
Community and land rights	This term refers to all fundamental rights pertaining to local communities, including those recognized as pertaining to indigenous people, that are impacted by business activities. Issues related to land rights are most frequently disputed between companies (and governments) and local communities, as they may have direct consequences for a wide set of fundamental rights (e.g., right to housing, right to life, right to food and water, right to social security, property access rights, cultural identity, etc.).
Contributing to conflict	A company can potentially become involved in or contribute to social or political unrest or conflicts leading to heightened tension, violence and human rights abuses. In fragile environments (e.g., conflict-affected areas), companies shall avoid by any means complicity with governmental/non-state actors' (armed groups, militia, extremists) abuses. Moreover, they shall be aware that an excessive control on key resources (e.g., food, water and electricity supply) and other abusive business decisions have potential consequences on local communities, both during conflict and in post-conflict.
Customer safety	Customer safety refers to the company's approach to preventing negative impacts of its products and services on consumers' health and safety. It includes consumers' right to be properly informed about potential hazards.
Employment practices	In the context of labor rights, this term refers to all practices that are not mentioned under other issue areas, including contracts specifying the terms of conditions for work, working hours, social security, and fair wages. Fair wages ensure workers and their families a decent standard of living (living wage). Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.
Freedom of association and collective bargaining	Freedom of association expresses the right of workers to freely join trade unions or employee associations, while collective bargaining is defined as the "negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements".[2] The two concepts are inextricably linked, the first being a prerequisite for the realization of the second. Moreover, they both imply the recognition of the right to strike. Each of these rights shall be guaranteed by the company and no retaliation/reprisal shall be tolerated in exercising those rights.
Information security and data protection	Information security and data protection refer to all measures implemented by the company to protect the confidentiality and integrity of personal information and data transmitted by workers, clients, suppliers, business partners, and any other stakeholders. The company shall guarantee at all times the proper use, processing and storage of data. This right is ultimately founded on the human right to privacy.

Modern slavery and forced labor	Modern slavery includes human trafficking, child labor, and forced or compulsory labor. Forced or compulsory labor is "all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily".[3]
Non-discrimination	Discrimination in employment and occupation includes “any distinction, exclusion or preference made on the basis of race, color, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation”.[4]
Occupational health and safety	Occupational health and safety deals with all aspects of health (physical or mental) and safety in the workplace.

1) UN Committee on Economic, Social and Cultural Rights (CESCR), General Comment No. 14: The Right to the Highest Attainable Standard of Health (Art. 12 of the Covenant), 12b, 11 August 2000, E/C.12/2000/4.
2) International Labour Organization (ILO), Right to Organise and Collective Bargaining Convention, C98, 1 July 1949, C98, Art. 4.
3) International Labour Organization (ILO), Forced Labour Convention, C29, 28 June 1930, C29, Art. 2.
4) International Labour Organization (ILO), Discrimination (Employment and Occupation) Convention, C111, 25 June 1958, C111, Art. 1.

Performance measurements and targets

Key ESG target:
We conduct at least one social audit per year.

During the 2023/24 financial year, we conducted two audits in total, thereby achieving our target of conducting at least one audit per year. We conducted an onsite human rights impact assessment at our site in Valencia, United States, in which 70 people were interviewed. Some of the resulting recommended actions have been addressed already, such as hiring a Human Rights Manager and integrating relevant human rights aspects into global training programs. Most of the other recommendations are being finalized, such as communicating internally on our Human Rights Policy, and revising the business partner due diligence process by, among other actions, publishing our Supplier Code of Conduct. We also conducted a social audit at our operations center in China. Performed by independent auditors, this covered our own operations in Suzhou, China and used ELEVATE’s Responsible Sourcing Assessment (ERSA) standard. The audit included onsite confidential interviews with employees, document/record review, physical observations, and management interviews. None of the findings identified by the audit concerned child or forced labor, or were rated as zero tolerance or critical. There was a high reported level of transparency on wages and working hours, and the facility was assessed as performing very well in the areas of environment, business ethics, and management system. Audit findings related to areas including working hours, discriminatory practices, and wage payment practices were discussed with relevant stakeholders and addressed through improvement actions.

Sonova’s global grievance process, including our anonymous online SpeakUp platform, gives ample scope for raising potential human rights issues, and forms part of our human rights monitoring; information about SpeakUp can be found in the Business ethics and corporate governance chapter. Monitoring extends to the completion rate for key Human Rights Policy training: all employees who have computer access in their daily job are asked to complete the mandatory training on our Code of Conduct, including review and acknowledgment of our Human Rights Policy. The training focuses particularly on acting with integrity and provides practical advice on how to identify and report actions, including those that touch human rights, that might be violations of the Code. In the 2023/24 financial year, over 97% of all Sonova employees completed this training within the allotted time.

Public affairs

SASB HC-MS-240a.2

GRI 2-28, GRI 3-3, GRI 415-1

Sonova operates in a highly regulated environment. The number of international health and safety regulations, which are essential for assuring the efficacy and reliability of our products, is always increasing. Policy related risks such as governmental pricing and reimbursement, regulatory requirements, and geopolitical conflicts could impact our business and the hearing care industry. Our public affairs focus includes active engagement in public discussions and providing insights on evolving policy changes. We raise awareness of the societal impact of hearing loss and the positive effects of hearing care, while maintaining our commitment to high standards of business ethics and integrity in accordance with applicable laws. Sonova does not allow donations to political parties, as defined in our Global Anti-Bribery Policy.

To share our specialist knowledge and support high quality standards for hearing instruments and cochlear implants, we participate actively in multiple associations and external initiatives, including:

- Hearing Instrument Manufacturers' Software Association (HIMSA)
- European Hearing Instrument Manufacturers Association (EHIMA)
- Hearing Industries Association (HIA)
- Medical Device Manufacturers Association (MDMA)
- Hearing Instrument Manufacturers' Patent Partnership (HIMPP)
- Hearing Industry Research Consortium (IRC)
- European Telecommunications Standards Institute (ETSI)

Sonova is represented on the governance bodies of several of these associations: our CEO Arnd Kaldowski is the current President of EHIMA; Stefan Launer, VP Audiology and Health Innovation, is Chair of HIMPP's Board of Directors; Victoria Carr-Brendel, President/GVP Cochlear Implants, is a board member of MDMA; and Sandra Brandmeier, President Sonova USA, is Chair of HIA's Board of Directors. We are also represented in various professional and scientific associations relating to the science and technologies relevant to our business.

In the 2023/24 financial year, we contributed more than CHF 1.38 million in membership fees to trade associations and non-commercial organizations. The largest contributions (including membership fees) are those to the Hearing Industries Association (HIA), a forum for hearing aid manufacturers, suppliers, distributors, and hearing health professionals in the United States; European Hearing Instrument Manufacturers Association (EHIMA), and Swiss Medtech. We made no contributions to political organizations, parties and candidates, nor to ballot measures or referendums.

Since 2016, Sonova has been a signatory to the UN Global Compact, and Sonova is part of both the global and Swiss network. Sonova's CFO Birgit Conix is also a member of Accounting for Sustainability (A4S), a global network aiming to inspire finance leaders to drive a fundamental shift towards resilient business models and a sustainable economy.

EU Taxonomy note

The EU Taxonomy Regulation (EU) 2020/852 requires non-financial companies within the scope of the EU NFRD and EU CSRD to report the degree to which their economic activities can be categorized as eligible or aligned with the EU Taxonomy.

During the 2023/24 financial year, Sonova initiated an EU Taxonomy project, and Sonova voluntarily reports in accordance with Article 8 of the EU Taxonomy Regulation (EU) 2020/852 for financial year 2023/24.

Most of Sonova's core activities are eligible to contribute to the environmental objective of transitioning to a circular economy as these activities fall in the categories 1.2, "Manufacture of electrical and electronic equipment", and 5.1, "Repair, refurbishment and remanufacturing", of the EU Taxonomy. Moreover, some CAPEX activities have been identified as eligible for the environmental objective of climate change mitigation.

Sonova has also performed a preliminary assessment of the alignment with the Technical Screening Criteria (TSC) , Do No Significant Harm (DNSH) criteria and Minimum Safeguards. These assessments have not been completed and will be continued during financial year 2024/25. The voluntary financial information disclosed (see tables below) therefore relates only to the eligibility assessment.

Overall, the analysis of Sonova's economic activities indicates that 92% of turnover, 44% of CAPEX, and 38% of OPEX is currently classifiable as eligible under the EU Taxonomy Regulation (EU) 2020/852.

Turnover eligibility KPI

For this ratio, the denominator was based on the Group's consolidated net turnover as disclosed in the consolidated Financial Statements for 31 March 2024. The numerator was derived from net sales of electric and electronic equipment and turnover from repair, refurbishment, and remanufacturing activities.

CAPEX eligibility KPI

For this ratio, the denominator represents additions to tangible and intangible fixed assets during the financial year (including acquisitions). It also includes additions to right-of-use assets, but excludes additions to goodwill and acquisition-related intangibles. The numerator comprises those capital expenditures included in the denominator that are related to the eligible activities, particularly additions to right-of-use assets (leasing).

OPEX eligibility KPI

For this ratio, the denominator includes all direct non-capitalized costs related to maintenance, building renovation measures, research and development, short-term lease, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment. The numerator relates to those direct non-capitalized costs in the denominator that are related to eligible activities, particularly research and development, and maintenance costs directly linked to turnover-generating eligible activities.

Turnover

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	**Code**	**Absolute turnover 2023/24**	**Proportion of turnover 2023/24**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Taxonomy aligned proportion of total turnover, year 2022/23**	**Category (enabling activity)**	**Category (transi-tional activity)**
		CHF million	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Not assessed		0.0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0%**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Of which enabling		0.0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Of which transitional		0.0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of electrical and electronic equipment	CE 1.2	3'237.1	89%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
Repair, refurbishment and remanufacturing	CE 5.1	103.0	3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**3'340.1**	**92%**	0%	0%	0%	0%	92%	0%								n/a		
Total (A.1+A.2)		**3'340.1**	**92%**	**0%**	**0%**	**0%**	**0%**	**92%**	**0%**								**n/a**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy-non-eligible activities		**286.7**	**8%**
Total (A+B)		**3'626.9**	**100%**

Total turnover, see annual report 2023/24, Note 2.1

Substantial contribution criteria
Y – Yes: Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No: Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible: Taxonomy-non-eligible activity for the relevant environmental objective
EL – eligible: Taxonomy-eligible activity for the relevant objective

DNSH criteria
Y – DNSH criteria are met
N – DNSH criteria are not met

Minimum safeguards
Y – Minimum safeguards are met
N – Minimum safeguards are not met

CE: Circular economy

CAPEX

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	**Code**	**Absolute CAPEX 2023/24**	**Proportion of CAPEX 2023/24**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Taxonomy aligned proportion of total CAPEX, year 2022/23**	**Category (enabling activity)**	**Category (transi-tional activity)**
		CHF million	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Not assessed		0.0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0%**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Of which enabling		0.0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Of which transitional		0.0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	59.9	27%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
Manufacture of electrical and electronic equipment	CE 1.2	33.5	15%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2.5	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**95.8**	**44%**	29%	0%	0%	0%	15%	0%								n/a		
Total (A.1+A.2)		**95.8**	**44%**	**29%**	**0%**	**0%**	**0%**	**15%**	**0%**								**n/a**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CAPEX of Taxonomy-non-eligible activities		**122.7**	**56%**
Total (A+B)		**218.5**	**100%**

OPEX

Economic activities	Code (2)	Absolute OPEX 2023/24	Proportion of OPEX 2023/24	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate change adaptation	Substantial contribution criteria: Water	Substantial contribution criteria: Pollution	Substantial contribution criteria: Circular economy	Substantial contribution criteria: Biodiversity and ecosystems	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation	DNSH criteria ('Does Not Significantly Harm'): Climate change adaptation	DNSH criteria ('Does Not Significantly Harm'): Water	DNSH criteria ('Does Not Significantly Harm'): Pollution	DNSH criteria ('Does Not Significantly Harm'): Circular economy	DNSH criteria ('Does Not Significantly Harm'): Biodiversity	Minimum safeguards	Taxonomy aligned proportion of total OPEX, year 2022/23	Category (enabling activity)	Category (transitional activity)
		CHF million	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Not assessed		0.0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0%**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Of which enabling		0.0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Of which transitional		0.0	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of electrical and electronic equipment	CE 1.2	25.5	38%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**25.5**	**38%**	0%	0%	0%	0%	38%	0%								n/a		
Total (A.1+A.2)		**25.5**	**38%**	**0%**	**0%**	**0%**	**0%**	**38%**	**0%**								**n/a**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OPEX of Taxonomy-non-eligible activities		**41.3**	**62%**																
Total (A+B)		**66.8**	**100%**																

Substantial contribution criteria
Y – Yes: Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No: Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible: Taxonomy-non-eligible activity for the relevant environmental objective
EL – eligible: Taxonomy-eligible activity for the relevant objective

DNSH criteria
Y – DNSH criteria are met
N – DNSH criteria are not met

Minimum safeguards
Y – Minimum safeguards are met
N – Minimum safeguards are not met

CE: Circular economy

Basis for preparation

Report methodology

The scope of the ESG Report for the 2023/24 financial year is aligned with the scope of entities in the consolidated financial statements. For acquired businesses, we include the data as of the date of the acquisition. For environmental data, acquired businesses are included in the Group environmental reporting after a full reporting year within Sonova. Group companies divested during are excluded from the consolidation as of the date the Group ceased to have control over the company. Sonova strives to improve data accuracy and quality continuously: all resulting restatements are reported in the data collection process and reporting methodologies section of this chapter. For restatements with a change of more than 10% compared to the prior year's reporting, the change is also included in the footnotes of the respective table. In the ESG Report 2023/24, data from HYSOUND (acquired on December 5, 2022) is included across all performance measurements unless explicitly noted. The ESG Report follows Sonova's financial year from April 1 to March 31, with the exception of most of the environmental data in the Protecting the planet chapter, which is reported by calendar year.

GRI 2-4

Data, definitions, and restatements

Protecting the planet

Sonova's environmental data monitoring and reporting includes energy consumption, greenhouse gas (GHG) emissions, materials, waste disposal water consumption, and biodiversity, and is based on the calendar year (unless otherwise stated). Actual data is collected whenever possible, and only estimated if data collection is not feasible, due e.g., to the decentralized organizational structure of some businesses that operate from small, often rented, facilities or when product specific emissions are not available. The conversion factors applied for each input unit in this ESG Report are presented below and sourced from the UK Government Department for Business, Energy & Industrial Strategy.

	Conversion Factor	Conversion Unit
Distance		
Miles	1.6093	km
Energy		
Therm	0.0293	MWh
Fuel oil liter	0.0100	MWh
Natural gas m^3	0.0103	MWh
Gigajoule (GJ)	0.2778	MWh
Mass		
Pound (lb)	0.4535	kg
Ton (US, short ton)	907.2	kg
Volume		
US Gallon	3.7854	L
Imperial Gallon	4.5461	L
Megaliter	1,000	m^3

Climate change

The methodology and reporting for the carbon footprint are based on the Greenhouse Gas (GHG) Protocol. Sonova follows the financial control consolidation approach for setting organizational boundaries. Global warming potentials (GWP) from the IPCC's fourth assessment report (AR4) are applied to calculate CO_2 equivalents. Relevant gases included are CO_2, CH_4, and N_2O.

Sonova differentiates between direct GHG emissions (scope 1) deriving from the combustion of fossil fuels; indirect GHG emissions (scope 2) from sources such as using electricity or district heating; and indirect emissions (scope 3) that arise from our value chain. Out of the 15 scope 3 categories outlined by the GHG Protocol, 12 are applicable to Sonova; those not applicable are: processing of sold products (cat. 10), downstream leased assets (cat. 13) and franchises (cat. 14). GHG emissions from joint ventures (e.g., Boots Hearing Care) are reported under scope 1 and 2, provided that Sonova holds operational control. If not, these emissions are accounted for under scope 3, upstream leased assets (cat. 8), e.g., for emissions derived from shop-in-shop operations. GHG emissions from equity investments (e.g., associates) are reported under scope 3, investments (cat. 15).

The revenue data for energy intensity and GHG emission intensity to revenue is based on financial year and FTE related data for energy intensity per FTE is based on calendar year.

For GHG emission performance measurements linked to our Sonova Science Based Targets (SBTs), we recalculate the baseline (calendar year 2019) to include all acquired businesses and entities. In the ESG Report 2023/24, scope 1 and 2 restatements are due to the inclusion of acquisitions, as well as data quality improvements. In addition, we restated GHG emissions figures for 2019 – 2022 to align our calculation and reporting boundaries to the SBTs adopted from the Science Based Targets initiative (SBTi). The resulting changes in boundaries include removing some activities from certain scope 3 categories, either because their GHG contribution was deemed negligible (less than 0.5% of baseline) in comparison to the main GHG sources, or because they fall outside of the defined minimum boundaries of the SBTi methodology. Processing of sold products (cat. 10) now falls completely outside of Sonova's GHG emissions boundaries and is therefore no longer reported. Methodological and data improvement changes were made in the calculation of purchased goods and services (cat. 1), use of sold products (cat. 11), and end-of-life of sold products (cat. 12), following the adjustment of extrapolation factors and primary data and the update of emissions factors for years before 2023.

To maintain comparable reporting boundaries between years, our total energy consumption figures combine activities in scope 1-2 with activities in scope 3 upstream leased assets (cat. 8). For 2023, energy consumption within the scope 1-2 boundaries represents 98.5% of total energy consumption, whereas energy consumption within scope 3 upstream leased assets (cat. 8) represents only 1.5%, mainly from shop-in-shop stores where Sonova does not have operational control. For 2022, the equivalent fractions were 97% and 3%, whereas for 2021 were 94% and 6%. Scope 3 transportation and distribution (cat. 4 and 9) and business travel (cat.6) include non-CO_2-related emissions from aviation. A radiative forcing multiplier of 1.9 is currently applied.

As of the end of 2023, we have not used or invested in carbon capture and storage or direct CO_2 removal solutions. We currently do not systematically apply a carbon pricing scheme but rather use it on an ad-hoc project basis. All of Sonova's business units operate in high-impact sectors as defined in the EU's Commission Delegated Regulation (EU) 2022/1288. The Hearing Instruments and Cochlear Implants business operate in the Nomenclature of Economic Activities (NACE) sector C.32.50 Manufacture of medical and dental instruments and supplies, Consumer Hearing is in C.26.40 Manufacture of consumer electronics, and Audiological Care is in G.47.7.4 Retail sale of medical and orthopedic goods in specialized stores.

Key emission factor sources, restatements, and other significant information related to energy and GHG emissions are provided in the tables below.

Emission factor sources for environmental reporting

Scope and category	Main emission factor sources
Scope 1	- BEIS Department for Business, Energy & Industrial Strategy
Scope 2	- Association of Issuing Bodies (European Residual Mix) - IEA International Energy Agency (Emissions Factors) - EPA Environmental Protection Agency (eGRID) - Environment and Climate Change Canada (Electricity Can Prov Terr)
Category 1: Purchased goods and services	- EcoInvent (version 3.9.1) - BEIS Department for Business, Energy & Industrial Strategy - Exiobase (version 3.3.18) - Quantis World Food LCA Database (version 3.5)

	- World Bank (Inflation, consumer prices [annual %] 2022 vs 2021) - International Monetary Fund (Inflation, consumer prices [annual %] 2023 vs 2022)
Category 2: Capital goods	- Dell Carbon Footprints
Category 3: Fuel- and energy-related activities (not included in scope 1 and 2)	- Association of Issuing Bodies (European Residual Mix) - BEIS Department for Business, Energy & Industrial Strategy - IEA International Energy Agency (Emissions Factors) - Intep, Treibhausgas-Emissionsfaktoren für den Gebäudesektor (Electricity Emission Factors) - Our World in Data (Electricity Mixes)
Categories 4 and 9: Transportation and distribution[1]	- BEIS Department for Business, Energy & Industrial Strategy (for air travel emissions 2022 Emission Factors were applied)
Category 5: Waste generated in operations	- BEIS Department for Business, Energy & Industrial Strategy
Category 6: Business travel[1]	- BEIS Department for Business, Energy & Industrial Strategy (for air travel emissions 2022 Emission Factors were applied)
Category 7: Employee commuting	- BEIS Department for Business, Energy & Industrial Strategy - IEA International Energy Agency (Energy Efficiency Indicators)
Category 8: Upstream Leased Assets	- Association of Issuing Bodies (European Residual Mix) - BEIS Department for Business, Energy & Industrial Strategy - IEA International Energy Agency (Emissions Factors)
Category 11: Use of sold products	- IEA International Energy Agency
Category 12: End-of-life of sold products	- BEIS Department for Business, Energy & Industrial Strategy
Category 15: Investments	- Estimate based on Bloomberg & CDP data

1) To allow for comparability with previous reported years, 2023 air freight emissions and air travel emissions included in category 4 and 9 (transportation and distribution) and 6 (business travel) are calculated using 2022 emission factors (EFs). The reasons of this choice are the following: major changes to the flight factors in the 2023 EFs update, based on a) the reduced load factors due to the COVID-19 pandemic and b) the fact that the aviation sector is supposed to take longer to recover to pre-COVID levels; radiative forcing factor has changed to 1.7 for 2023 (from 1.9 for previous years). The application of 2023 EFs would have a significant impact to Sonova 2023 emissions as compared to previous years, only related to EFs changes and not to actual action taken for emissions to variate. We will actively monitor the development of the EFs in the near future and update our selection accordingly.

Restatements and information related to energy and GHG emissions

Performance measurement	Restatement and significant information
Total energy consumption and energy intensity	2022 restated by -4% (-4,385 MWh) and -1.2 MWh/million CHF. 2021 restated by -3% (-3,232 MWh) and -1.0 MWh/million CHF.
Total onsite energy generation	The onsite energy generation values only include energy consumed onsite. An additional 138 MWh for 2023, 131 MWh for 2022, and 159 MWh for 2021 were generated onsite but fed into the grid.
Energy mix	2022 renewable energy consumption restated by -1% (-386 MWh) and non-renewable by -7% (-3,999 MWh). 2021 renewable energy consumption restated by <1% and non-renewable by -7% (-3,483 MWh).
Energy consumption by business	2022 heating restated by -6% (-2,386 MWh) and electricity by -3% (-1,999 MWh). 2021 heating restated by -6% (-1,829 MWh) and electricity by -3% (-1,403 MWh).
2022 GHG emissions - scope 1-3	2022 scope 1 restated by -4% (-458 t CO_2e); scope 2 restated by 240% (+1,775 t CO_2e); scope 3 restated by -3% (-8,960 t CO_2e). Scope 1-2 restated by -4% (-463 t CO_2e) and scope 1-3 by -5% (-7,642 t CO_2e).
2021 GHG emissions - scope 1-3	2021 scope 1 restated by -2% (-217 t CO_2e); scope 2 restated by 49% (+1,236 t CO_2e); scope 3 restated by -8% (-24,036 t CO_2e). Scope 1-2 restated by +9% (-1,235 t CO_2e) and scope 1-3 by -8% (-22,801 t CO_2e).
2020 GHG emissions - scope 1-3	2020 scope 1 restated by -2% (-173 t CO_2e); scope 2 restated by 9% (+1,496 t CO_2e); scope 3 restated by -10% (-23,578 t CO_2e). Scope 1-2 restated by 5% (+1,323 t CO_2e) and scope 1-3 by -8% (-22,255 t CO_2e).
2019 GHG emissions - scope 1-3	2019 scope 1 restated by -1% (-171 t CO_2e); scope 2 restated by 8% (+1,549 t CO_2e); scope 3 restated by -9% (-28,579 t CO_2e). Scope 1-2 restated by 4% (1,378 t CO_2e) and scope 1-3 by -8% (-27,202 t CO_2e).
GHG emission intensity	2022 scope 1-2 GHG emission intensity restated by -3% (-0.1 t CO_2e/million CHF). 2022 scope 1-3 intensity restated by -5% (-4.1 t CO_2e/million CHF) and 2021 scope 1-3 by -3% (-2.0 t CO_2e/million CHF).
Additional GHG emission information	2022 outside-of-scope emissions restated by -6% (-17 t CO_2e). 2022 location based emissions restated by -4% (-777 t CO_2e) and 2021 by -2% (-399 t CO_2e).

Circular economy

Sonova's packaging waste performance measurement is calculated based on purchased quantities during the calendar year and includes product packaging purchased by the Hearing Instruments business unit as well as transport packaging that may also be used by other business units. Values for the packaging performance measurement have been restated as there have been weight corrections to a variety of packaging articles. The 2022 value was restated by –2% (–30 t), the 2021 value by –1% (–18 t), the 2020 value by 1% (+14 t), and the 2019 value by 2% (+25 t).

Waste

Total waste production figures combine activities within the boundaries of scope 1-2 and scope 3 upstream leased assets (cat. 8). Waste production within scope 1-2 boundaries represented 95%, 97% and 98% of total waste production respectively for 2023, 2022 and 2021, representing 5%, 3% and 2% of total waste production within scope 3, cat. 8 boundaries for the respective years. For waste intensity per FTE, the FTE data is based on calendar year. For 2022, total operational waste was restated by 11% (+362 t), non-hazardous waste by <1%, and hazardous waste by 4% (+3 t); recycling waste was restated by 22% (+363 t) due to data quality improvements. 2021 total waste and recycling waste were restated by <1% due to data quality improvements. Hazardous waste is not extrapolated for Audiological Care as no hazardous waste is generated.

Water

The total water withdrawal figures combine activities within category 1 for purchased water and category 8 of scope 3. In 2023, activities within scope 1-2 boundaries accounted for 96% of total water withdrawal, against 97% in 2022 and 98% in 2021; remaining withdrawal therefore derived from scope 3 category 8 activities, representing 4%, 3% and 2% of total water withdrawal respectively in 2023, 2022, and 2021. For water intensity per FTE, the FTE data is based on calendar year. 2022 total water withdrawal was restated by +28% (+9,142 m^3) and water withdrawal per full-time employee (FTE) was restated by +4% (+0.6 m^3/FTE) due to data quality improvements. 2021 total water withdrawal was restated by <1%; water withdrawal per FTE was restated by +1% (+0.1 m^3/FTE) due to data quality improvements.

Serving society

For customer satisfaction performance measurements, the customer satisfaction index (CSI) and the net promoter score (NPS) cover our Phonak brand exclusively and both are limited to hearing care professionals. The CSI is collected annually via an online survey to understand customer satisfaction across various aspects. For the 2023/24 financial year, the survey took place in 15 countries compared to 25 countries in 2022/23. The 2022/23 data is restated from 75 to 73 to cover the same scope of countries as the 2023/24 survey. The NPS is the average result of the monthly NPS, collected through a survey question asking respondents to rate the likelihood that they would recommend a company, product, or a service. The NPS is collected in four countries.

Sales growth in low- and middle-income countries is based on unit sales of hearing instruments and the World Bank country classification by income level in 2022. For the SIHA graduates in low- and middle-income countries, the same classification is used. In 2023/24, China was the only country with graduates from low- and middle-income countries.

Advancing our people

Employee related data is reported based on headcount and FTE data, highlighted in each table. The following categories are used: Regular employees are employees with an unlimited contract, fixed-term employees and interns have a fixed-term contract, and external temporary employees refer to contractors, agency temps, and contingent workers. Headcount based performance measurements cover regular, fixed-term, and interns and exclude employees on long-term leave. FTE based performance measurements cover regular and fixed-term employees and exclude employees on long-term leave and interns. Employees on long-term leave include absences such as maternity or long-term sick leave.

KPI-specific definitions and in-scope details:
For employees by employment contract regular, fixed-term, interns, and external temporary employees are included, and employees on long-term leave are excluded.

Talent and engagement

Employee engagement data are collected through the annual HearMe engagement survey. The survey and data are handled by an external provider. Employees eligible to take the survey are defined as: Regular and fixed-term employees, working at least 20% of full time; employees who joined Sonova no later than one and a half months before the HearMe survey. In total, 17,883 employees were eligible to take the survey in the 2023/24 financial year.

The employee turnover rate is the percentage of employees who left Sonova during the financial year including continuing and discontinued operations (excl. leaves following company sale). The employee voluntary turnover rate is the percentage of the employees who left Sonova voluntarily during the financial year.

Tenure data is defined as the average number of years and only includes regular employees. 2022/23 tenure data were restated by +0.4 years for people leaders, +0.1 years for employees without a direct report, and +0.2 years for all employees due to data quality improvements.

The development plan data is defined as the number of eligible employees with a development plan documented in the HR system. Eligible employees are defined as regular and fixed-term employees who have worked at Sonova for more than 6 months. Ineligible employees are employees on long-term leave, external temporary workers, interns, and employees in production/ assembly for whom other skill-related growth paths are established. More than 11,500 employees were eligible in the 2023/24 financial year.

Wellbeing

The performance measurement for people leaders trained in Mental health first aid conversations for managers includes every people leader trained, including people leaders who left Sonova after the completion of the training.

Diversity and inclusion

At the end of 2023/24, the senior management population was around 220 employees and the middle management population around 1,700. Sonova's level system covers levels from A to J. Senior management include employees in level category A, B and Management Board members. Middle management include employees in level category C and D. Non-management include employees in level category E to J.

STEM positions are functions where the primary skills required are related to science, technology, engineering, or mathematics and revenue-generating positions are all positions excluding support functions such as HR, IT, legal, finance, and facilities management.

The leadership recruitment rate for women includes women hired in people leader or project manager positions.

The data for number of nationalities, top five nationalities for all employees, and top five nationalities for people leaders covers more than 95% of all employees in 2023/24.

Occupational health and safety

Occupational health and safety performance measurements are reported for our operation and distribution centers and cover Sonova employees and external temporary employees (20% of the global workforce). Number of hours worked is the total hours worked for the population in scope. A work-related injury is defined as an injury that occurred at work and the employee was not able to return to work for the next scheduled workday/shift. Lost days refer to working days, not calendar days from the first working day/shift where the employee cannot work. An occupational illness or disease is defined according to the ILO List of Occupational Diseases. The lost day rate is the total number of lost days due to injuries/total hours worked times 1,000,000 and the lost time injury frequency rate is the total number of lost-time injuries per total hours worked times 1,000,000. The occupational illness frequency rate is the total number of occupational illness or disease cases per total hours worked times 1,000,000, and work-related fatalities are defined as death arising from an occupational disease or injury sustained or contracted while performing work.

Acting with integrity

Product safety data for all years are reported for medical devices, e.g., cochlear implants and hearing instruments, based on the updated 2023 Sustainability Accounting Standards Board (SASB) standard. Products listed in any public medical product safety or adverse event alert database is defined in relation to listings that indicate potentially serious risks or product safety issues. Regulatory inspections are performed by competent authorities, regulators, or notified bodies at our sites, including e.g., ISO 13485, MDSAP, ISO 14001, MDR 2017/745, NMPA China, or US FDA audits. The number of enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards includes non-compliance violations or issues identified during safety inspections, warning letters, seizures, recalls, or consent decrees. HI regulatory agency inspections restated for 2022/23 and 2021/22 to only cover external inspections.

Product reliability for hearing instruments is defined as the ratio between the annualized number of in-warranty product returns over the past three months and the number of hearing instruments in the market and within warranty. Product reliability for cochlear implants (externals) is defined as the annualized three-month rolling average of Naìda pediatric and adult system product returns, divided by the number of registered processors used by pediatric and adult recipients.

Procurement performance measurements are collected in Sonova’s spend analytics platform, through EcoVadis, and via our third-party for Consumer Hearing supplier audits.

Code of Conduct on-time training completion rate is defined as the percentage of employees assigned Code of Conduct training (more than 13,900 employees) who completed it on-time on the SonovaLearning platform during the annual launch period. Employees who do not work with a computer in their daily work are excluded; these completed their annual training in classroom sessions.

Swiss Code of Obligations (Art. 964b) content index

The ESG Report 2023/24 covers the reporting requirements as defined in the Swiss Code of Obligations related to transparency on non-financial matters. The following content index refers to the relevant disclosures reported in accordance with Art. 964b of the Swiss Code of Obligations for material topics based on our latest double materiality assessment. As human rights is explicitly mentioned in the Art. 964b, the human rights chapter is included, although it does not meet the defined materiality threshold requirements.

Art. 964b content requirement	Reference
Sonova's business model	Strategy and businesses
Materiality assessment and risk management	Double materiality assessment Risk management
Material topics including:	
Policies adopted in relation to material topic Measures taken to implement these policies and an assessment of the effectiveness of the measures Main risks related to the matters and how Sonova is dealing with these risks, covering both risks in its own business operations and related to business relationships Performance indicators for Sonova's activities in relation to the matters	Climate change Access to hearing care Talent and engagement Employee wellbeing Business ethics and corporate governance Product safety Product quality and reliability Data privacy and digital ethics Ethical marketing and sales practices Sustainable supply chain Human rights
References to national, European or international regulations	Reporting approach
Coverage of subsidiaries	Reporting approach

Sonova complies with the Swiss Code of Obligation Art. 964j for due diligence and reporting obligations related to child labor. We qualify for the exception clause provided in the law, since our human rights due diligence fully aligns with the following international frameworks: the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the ILO Conventions No. 138 on Minimum Age and No. 182 on the Worst Forms of Child Labour, the ILO-IOE Child Labour Guidance Tool for Business, as well as the United Nations Guiding Principles on Business and Human Rights (UNGP).

Sonova is exempted from the Swiss Code of Obligation Art. 964j Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor. A process to regularly review potential purchases of minerals and metals from conflicted-areas is established.

GRI content index

GRI content index	
Statement of use	Sonova has reported in accordance with the GRI Standards for the period April 1, 2023 to March 31, 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	

GRI Standard	Disclosure	Reference	Omission reason and explanation	External assurance
	Universal standards			
GRI 2: General Disclosures 2021	2-1 Organizational details	Reporting approach		No
	2-2 Entities included in the organization's sustainability reporting	Reporting approach		No
	2-3 Reporting period, frequency and contact point	Reporting approach		No
	2-4 Restatements of information	Basis for preparation		No
	2-5 External assurance	Reporting approach		No
	2-6 Activities, value chain and other business relationships	Strategy & businesses		No
	2-7 Employees	Advancing our people	GRI 2-7-b - Information unavailable/incomplete, breakdown by gender and region not reported.	Yes
	2-8 Workers who are not employees	Advancing our people		No
	2-9 Governance structure and composition	Corporate governance		No
	2-10 Nomination and selection of the highest governance body	Corporate governance		No
	2-11 Chair of the highest governance body	Corporate governance		No
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG governance		No
	2-13 Delegation of responsibility for managing impacts	ESG governance		No
	2-14 Role of the highest governance body in sustainability reporting	ESG governance		No
	2-15 Conflicts of interest	Corporate governance		No
	2-16 Communication of critical concerns	ESG governance		No
	2-17 Collective knowledge of the highest governance body	ESG governance		No
	2-18 Evaluation of the performance of the highest governance body	Corporate governance		No
	2-19 Remuneration policies	Compensation report		No
	2-20 Process to determine remuneration	Compensation report		No
	2-21 Annual total compensation ratio		Information unavailable/incomplete, due to limited availability of consolidated payroll data.	No
	2-22 Statement on sustainable development strategy	Message from the CEO		No
	2-23 Policy commitments	Business ethics and corporate governance		No
	2-24 Embedding policy commitments	Business ethics and corporate governance		No
	2-25 Processes to remediate negative impacts	Business ethics and corporate governance		No

	2-26 Mechanisms for seeking advice and raising concerns	Business ethics and corporate governance		No
	2-27 Compliance with laws and regulations	Business ethics and corporate governance		No
	2-28 Membership associations	Public affairs		No
	2-29 Approach to stakeholder engagement	Stakeholder engagement		No
	2-30 Collective bargaining agreements	Advancing our people		No
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Double materiality assessment		No
	3-2 List of material topics	Double materiality assessment		No
	Topic standards			
	Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	Business ethics and corporate governance		No
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Business ethics and corporate governance		No
	Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	Business ethics and corporate governance		No
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business ethics and corporate governance		No
	Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate change		No
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Climate change		Yes
	302-3 Energy intensity	Climate change		Yes
	Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate change		No
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate change		Yes
	305-2 Energy indirect (Scope 2) GHG emissions	Climate change		Yes
	305-3 Other indirect (Scope 3) GHG emissions	Climate change		Yes
	305-4 GHG emissions intensity	Climate change		Yes
	Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable supply chain		No
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable supply chain		No
	Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Talent and engagement		No
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Talent and engagement		Yes
	Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	Talent and engagement		No
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Talent and engagement	Information unavailable/incomplete, employee category not reported.	Yes
	Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Talent and engagement		No

GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Talent and engagement		No
	Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Product safety		No
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product safety		No
	Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Data privacy and digital ethics		No
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data privacy and digital ethics		No
	Material topics without GRI topic standard			
	Access to hearing care			
GRI 3: Material Topics 2021	3-3 Management of material topics	Access to hearing care		No
	Employee wellbeing			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee wellbeing		No
	Ethical marketing and sales practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Ethical marketing and sales practices		No
	Product quality and reliability			
GRI 3: Material Topics 2021	3-3 Management of material topics	Product quality and reliability		No
	Non-material topic disclosures			
GRI 303: Water and Effluents 2018	303-1 Management of water discharge-related impacts	Water		No
	303-3 Water withdrawal	Water	GRI 303-3-c - Information unavailable/incomplete, unavailable data on water categories.	Yes
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human rights		No
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human rights		No
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity and inclusion		Yes
GRI 403: Occupational Health and Safety 2018	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational health and safety		Yes
	403-9 Work-related injuries	Occupational health and safety		Yes
	403-10 Work-related ill health	Occupational health and safety		Yes
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Waste and pollution		No
GRI 415: Public Policy 2016	415-1 Political contributions	Public affairs		No

[1] All references refer to the 2021 version of the GRI Standards.

TCFD content index

TCFD disclosure	TCFD code	Disclosure description	Disclosed
Governance	TCFD-GOV-a	Describe the board's oversight of climate-related risks and opportunities	Yes
	TCFD-GOV-b	Describe management's role in assessing and managing climate-related risks and opportunities	Yes
Strategy	TCFD-STR-a	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Yes
	TCFD-STR-b	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Yes
	TCFD-STR-c	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Yes
Risk management	TCFD-RMA-a	Describe the organization’s processes for identifying and assessing climate-related risks	Yes
	TCFD-RMA-b	Describe the organization’s processes for managing climate-related risks	Yes
	TCFD-RMA-c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management	Yes
Metrics and targets	TCFD-MET-a	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Yes
	TCFD-MET-b	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Yes
	TCFD-MET-c	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Yes

SASB content index

SASB code	Metric description	Level of disclosure	Main reference	External assurance
HC-MS-240a.2	Description of how price information for each product is disclosed to customers or to their agents	Partial	Ethical marketing and sales practices	No
HC-MS-240a.3	Percentage change in: (1) weighted average list price and (2) weighted average net price across product portfolio compared to previous reporting period	Omission [1]	-	-
HC-MS-250a.1	(1) Number of recalls issued, (2) total units recalled	Full	Product safety	Yes
HC-MS-250a.2	Products listed in any public medical product safety or adverse event alert database	Full	Product safety	Yes
HC-MS-250a.3	Number of fatalities associated with products	Full	Product safety	Yes
HC-MS-250a.4	Number of enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards, by type	Full	Product safety	Yes
HC-MS-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Full	Ethical marketing and sales practices	No
HC-MS-270a.2	Description of code of ethics governing promotion of off-label use of products	Omission [2]	-	-
HC-MS-410a.1	Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products	Full	Waste and pollution	No
HC-MS-410a.2	Total amount of products accepted for takeback and reused, recycled, or donated, broken down by: (1) devices and equipment and (2) supplies	Partial	Circular economy	No
HC-MS-430a.1	Percentage of (1) entity's facilities and (2) Tier 1 suppliers' facilities participating in third-party audit programmes for manufacturing and product quality	Full	Product safety	No
HC-MS-430a.2	Description of efforts to maintain traceability within the distribution chain	Partial	Product safety	No
HC-MS-430a.3	Description of the management of risks associated with the use of critical materials	Partial	Waste and pollution	No
HC-MS-510a.1	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Full	Business ethics and corporate governance	No
HC-MS-510a.2	Description of code of ethics governing interactions with health care professionals	Full	Ethical marketing and sales practices	No
HC-MS-000.A	Number of units sold by product category	Adjusted [3]	-	-

1 Sonova does not report detailed price information on all its products in its investor reporting. However, information related to the pricing strategy is reported in the Annual Report (Strategy and businesses, compensation report, financial review).
2 This metric is not applicable to Sonova's business model.
3 Sonova instead reports the sales volumes by business segment (Annual Report: Notes to the consolidated financial statements - 2.2 Segment information).

SDG and UNGC content indices

The 17 Sustainable Development Goals (SDGs) were adopted by the United Nations (UN) in 2015 as a universal call to action to address some of the world's biggest challenges by 2030. Sonova has been a signatory of the UN Global Compact since 2016 and supports the achievement of the SDGs. Our hearing solutions help to improve the lives of millions of people. Beyond serving our consumers, we aspire to create benefits for the economy, the environment, and society. Against this background, we have identified those SDGs for which we have direct or indirect impact on at least one of the 169 targets. In the index below, we provide an overview of the SDGs where Sonova has an impact, the specific targets, and links to the relevant sections of this report.

Goal	Goal description	Sonova impact	Relevant SDG sub-targets	Relevant content on Sonova's SDG impact
SDG 3	Good health & wellbeing	high	**3.8:** "Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all."	Access to hearing care
			3.C: "Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States."	Access to hearing care
SDG 5	Gender equality	medium	**5.1:** "End all forms of discrimination against all women and girls everywhere."	Business ethics and corporate governance
			5.5: "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life."	Diversity and inclusion
SDG 6	Clean water and sanitation	low	**6.3:** "By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally."	Water
			6.4: "By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity."	Water
SDG 7	Affordable and clean energy	low	**7.2:** "By 2030, increase substantially the share of renewable energy in the global energy mix."	Climate change
			7.3: "By 2030, double the global rate of improvement in energy efficiency."	Climate change
SDG 8	Decent work and economic growth	medium	**8.2:** "Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors."	Business Report
			8.5: "By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value."	Diversity and inclusion
			8.7: "Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms."	Human rights
			8.8: "Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment."	Human rights
SDG 9	Industry, Innovation and Infrastructure	medium	**9.4:** "By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities."	Climate change

			9.5: "Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending."	Access to hearing care
SDG 10	Reduced inequalities	medium	**10.2:** "By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status"	Human rights
SDG 12	Responsible consumption	medium	**12.2:** "By 2030, achieve the sustainable management and efficient use of natural resources."	Circular economy
			12.4: "By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment."	Waste and pollution
			12.5: "By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse."	Waste and pollution
			12.6: "Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle."	ESG strategy and governance
SDG 13	Climate action	medium	**13.1:** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Climate-related risks and opportunities (TCFD)
SDG 16	Peace, justice and strong institutions	low	**16.5:** "Substantially reduce corruption and bribery in all their forms."	Business ethics and corporate governance
SDG 17	Partnerships for the goals	low	**17.16:** "Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries."	Stakeholder engagement

Below content index reflects the UN Global Compact principles and forms Sonova's UN Global Compact Communication on Progress.

Topic	Number	Principle	Reference
Human rights	1	Businesses should support and respect the protection of internationally proclaimed human rights;	Human rights
	2	Make sure that they are not complicit in human rights abuses.	Human rights
Labour	3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Advancing our people
			Human rights
	4	The elimination of all forms of forced and compulsory labour;	Human rights
	5	The effective abolition of child labour;	Human rights
	6	The elimination of discrimination in respect of employment and occupation.	Diversity and inclusion
			Business ethics and corporate governance
Environment	7	Businesses should support a precautionary approach to environmental challenges;	Climate-related risks and opportunities (TCFD)
			Climate change
	8	Undertake initiatives to promote greater environmental responsibility;	Protecting the planet
	9	Encourage the development and diffusion of environmentally friendly technologies.	Protecting the planet
Anti-Corruption	10	Businesses should work against corruption in all its forms, including extortion and bribery.	Business ethics and corporate governance

Building a better
working world

Independent assurance report

on selected KPIs in the ESG Report 2023/24 to the Board of Directors of Sonova Holding AG, Stäfa.

Zurich, May 11, 2024

GRI 2-4

We have been engaged to perform a limited assurance engagement (the engagement) on selected KPIs disclosed in Sonova Holding AG's and its consolidated subsidiaries' (the Group's) ESG Report 2023/24 (the report) for the reporting period from 1 April 2023 to 31 March 2024.

The KPIs in scope of the limited assurance (the KPIs) are marked with a "✓ Data externally assured (limited assurance)" in the ESG Report 2023/24.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the report, and accordingly, we do not express a conclusion on this information.

The Group defined as applicable criteria (applicable criteria):

- Global Reporting Initiative Sustainability Reporting Standards (GRI Standards). A summary of the standards is presented on the GRI website.
- SASB Standards for the Medical Equipment & Supplies industry. A summary of the standards is presented on the SASB website.
- The Group's own methodology available in the relevant sections of the ESG Report 2023/24 and in the chapter "Basis for preparation".

We believe that these criteria are a suitable basis for our limited assurance engagement.

Responsibility of the Board of Directors

The Board of Directors is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

Independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the report are free from material misstatement, whether due to fraud or error.

Summary of work performed

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal control when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal control. Our procedures did not include testing control or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- Interviews with the Group's key personnel to understand the sustainability reporting system during the reporting period, including the process for collecting, collating and reporting the KPIs
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria
- Analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations
- Testing, on a sample basis, underlying source information to check the accuracy of the data

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs for the reporting period from 1 April 2023 to 31 March 2024 have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

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Disclaimer

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