

EUHA 2023

19 October 2023



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PHONAK

unitron

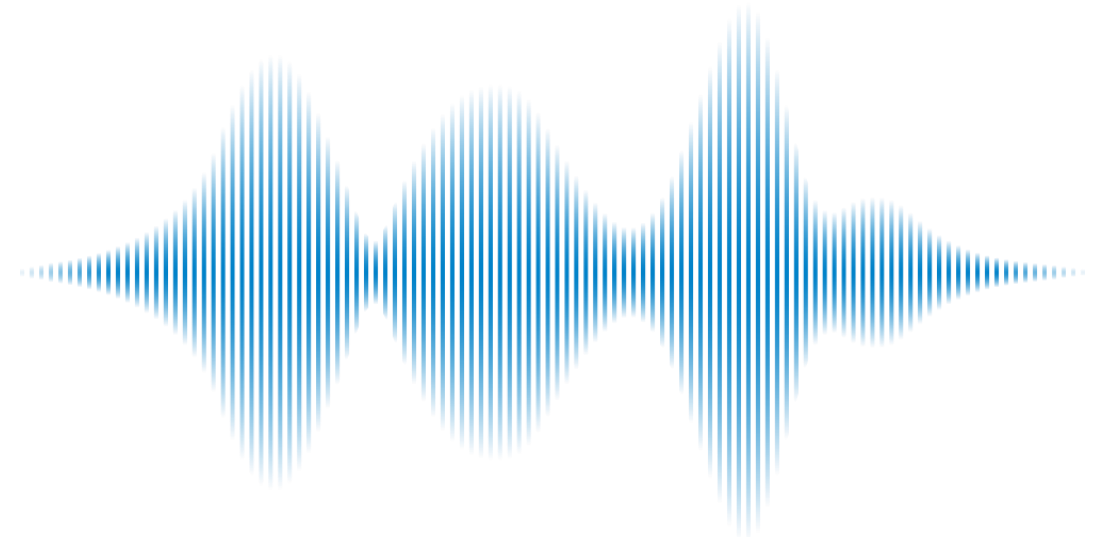
AudioNova

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 **ADVANCED
BIONICS**

Market and strategy

Arnd Kaldowski, CEO



Key reasons to invest in Sonova

Attractive market

- Attractive secular growth drivers
- Significant penetration potential incl. mild loss population and high growth developing markets
- Continued potential to innovate “Better Hearing”
- Opportunity to elevate hearing aid adoption and value capture through focus on known comorbidities

Leading market position

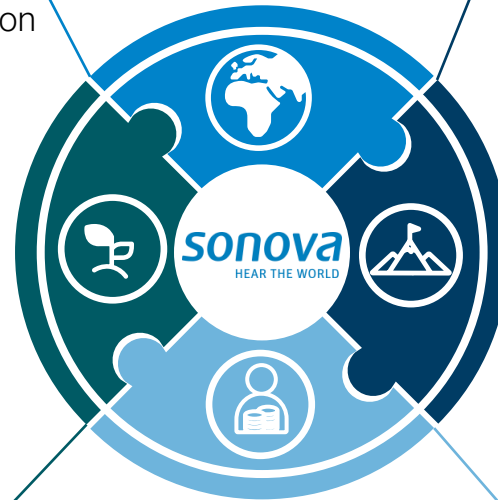
- Leading position in the Hearing Industry
- Advanced vertically integrated business model
- Broadest and most advanced product offering
- Global and differentiated distribution network, incl. scaled direct consumer access

Focus on sustainability

- Strong purpose and positive impact on society by providing advanced hearing health care
- IntACT” ESG strategy executed across the Group
- Ambitious climate actions linked to science-based targets
- Industry leading ESG performance, recognized by respective rating agencies

Strong financials

- Highest profit margin in the industry
- Strong balance sheet and cash generation
- Significant capacity for organic and in-organic growth investments
- Low tax rate



► The fundamentals of Sonova’s business remain strong and offer attractive value creation opportunities

Market and Sonova dynamics

Summary

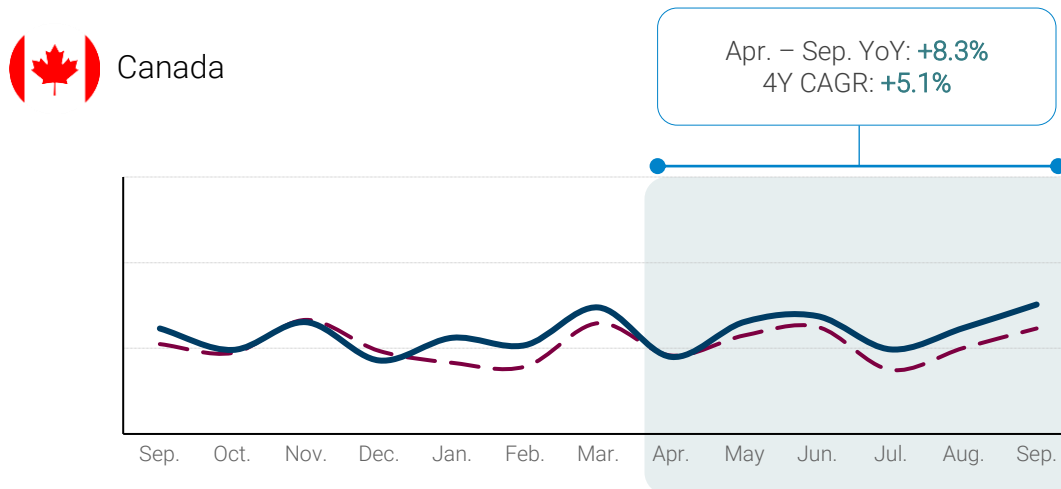
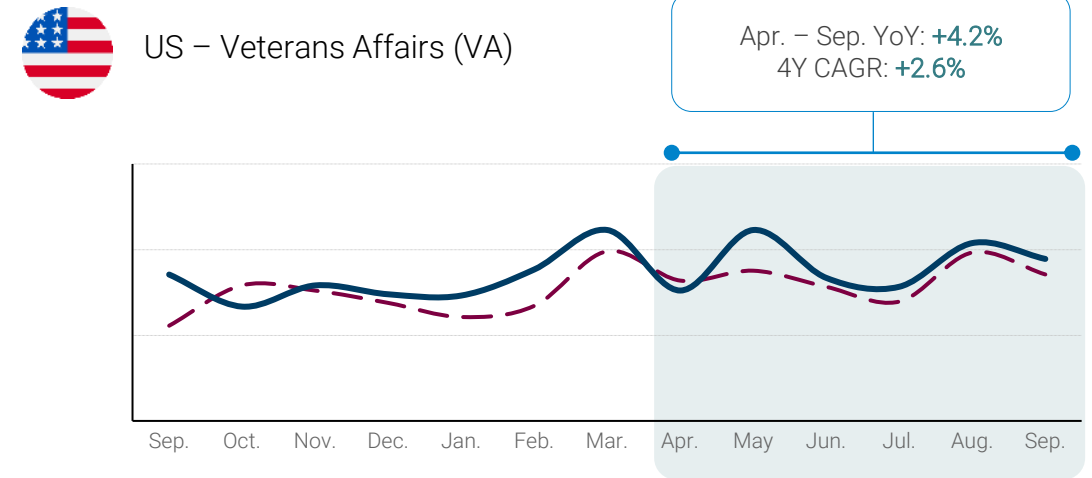
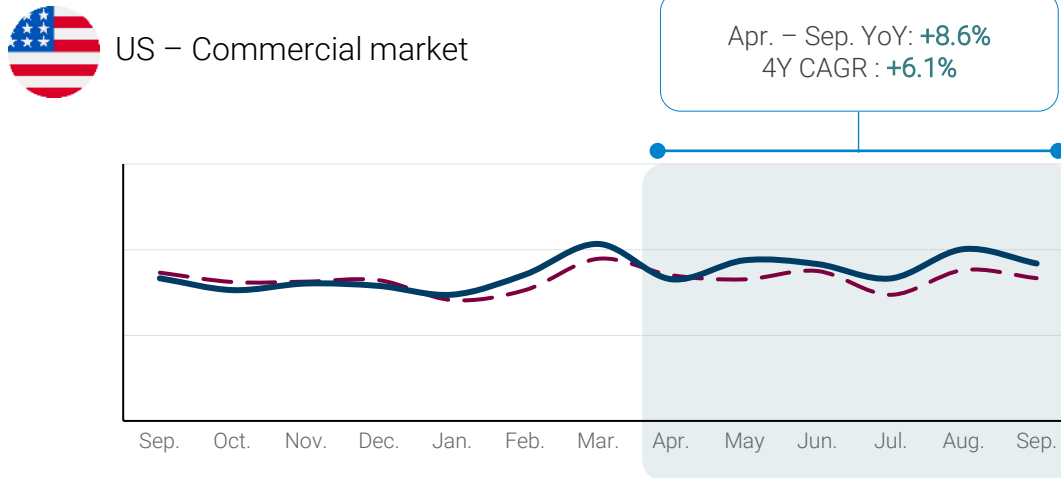
- Market environment **remains volatile** with sequential slowdown in 2Q 2023 – re-acceleration in 3Q 2023
- **Good market growth in North America** with additional contribution from **higher growth in developing markets** while overall Europe remains more subdued
- Value growth supported by **ASP lift** from pricing initiatives in both HI and AC business
- Strong execution driving **good growth in AC business**, organically and through acquisitions
- **HI business stabilizing** after the headwinds in the prior 12 months – starting to regain positive momentum through recent product launches and pro-active engagement with our customers



Hearing care market development – North America

Monthly unit market development (sell-in) and current trends

— Actual — Same period of the prior year



- Strong growth momentum in North America, driven by recovery of general consumer confidence
- US Commercial market – Growth largely driven by Managed Care and large retail
- US VA market – YoY growth driven by continued increase in RIC-rechargeable form factor
- Canada – Continued market recovery, normalizing post Covid; acceleration over the course of 1H 23/24

Hearing care market development – EU / UK

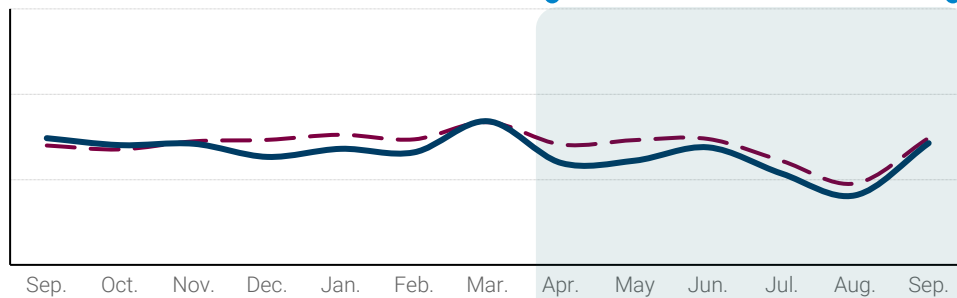
Monthly unit market development (sell-in) and current trends

— Actual — Same period of the prior year



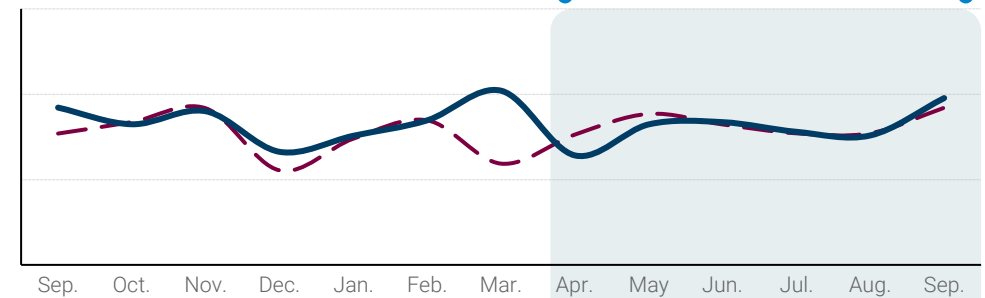
France

Apr. – Sep. YoY: **-11.2%**
*4Y CAGR: **+14.5%**



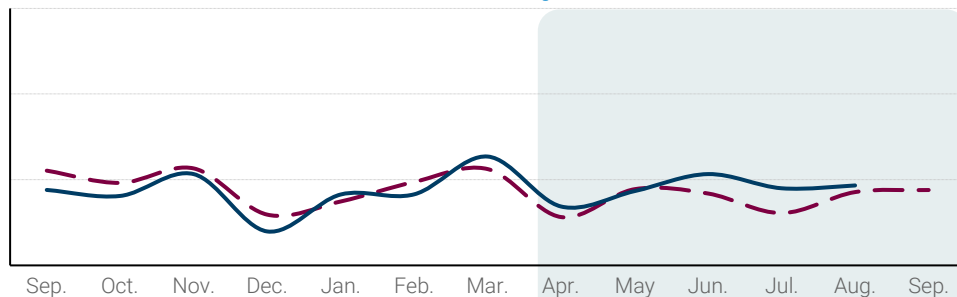
Germany

Apr. – Sep. YoY: **-1.5%**
4Y CAGR: **+2.3%**



UK – Private market

Apr. – Aug. YoY: **+7.9%**
* Apr.-Jun. 4Y CAGR: **+6.8%**



- France – market headwinds as the impact of the reimbursement change in Jan 2021 wears off and restrictions on GP prescription took effect in Nov 2022
- Germany – reimbursement change by some insurers extending the defined life cycle from 6 to 7+ years as well as muted consumer confidence weighing negatively on the market
- UK Private market – market rebounding driven by all channels; growth momentum started from the independent sector and more recently, picked up in large retail accounts

Source: Official Industry Reports (XERFI, BVHI, BIHIMA)

* Note. France and UK monthly data available from Sept 2021 and Jan 2020 respectively; comparable on quarterly basis

Our strategy

Strategic pillars

Lead innovation in audiological performance & consumer experience

Leverage **M&A** to accelerate growth strategically

Continuous **process** improvement through Sonova X & structural optimization



Expand consumer access through **omni-channel** audiological care network and consumer device business

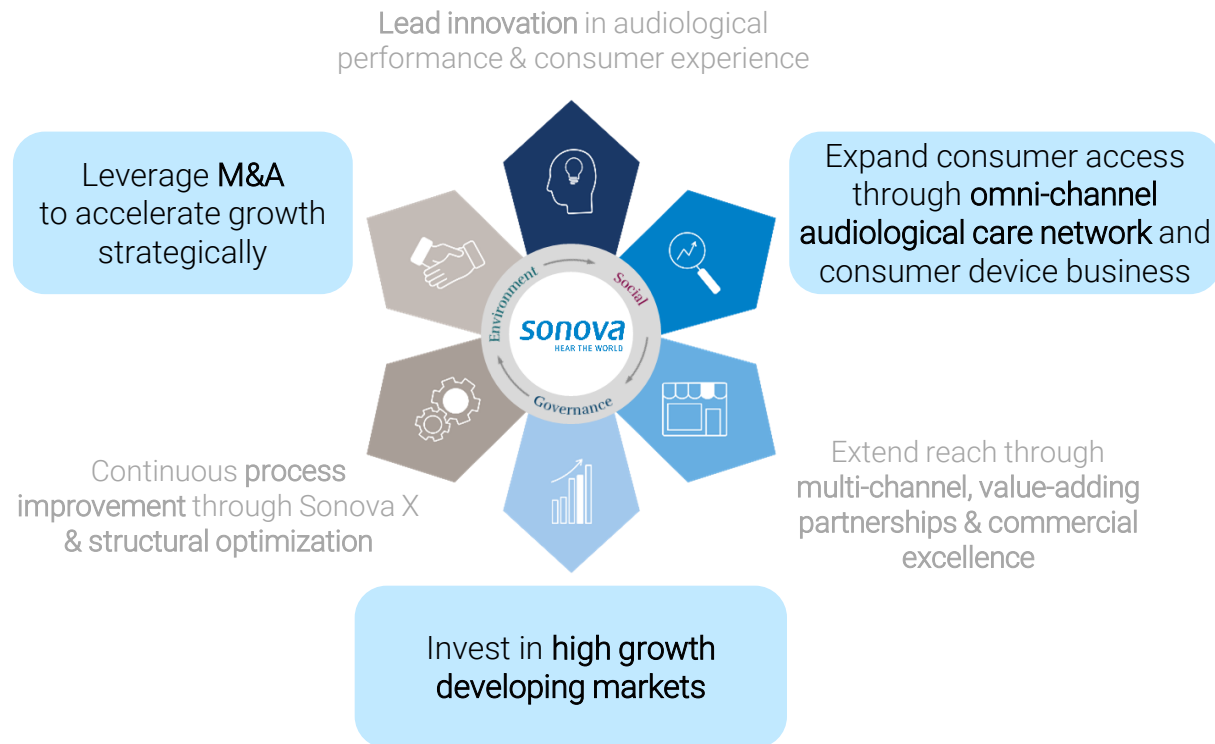
Extend reach through **multi-channel, value-adding** partnerships & commercial excellence

Invest in high growth developing markets

► Consistent implementation of our proven strategy progressing

Leverage M&A to accelerate growth

Significant progress achieved in the past two years



Achievements in the past two years

March 2022: Sennheiser Consumer Division

- Creating new Consumer Hearing business to expand consumer access with established consumer brand

March 2022: Alpaca Audiology in the US

- Doubling our US network in the world's largest audiological care market

December 2023: HYSOUND in China

- Expanding direct consumer access in audiological care building initial Sonova footprint in China

Continued solid pace of bolt-on acquisitions

- Build-up of our clinic network to increase store density in served geographies – total AC network up by >600 POS since September 2021

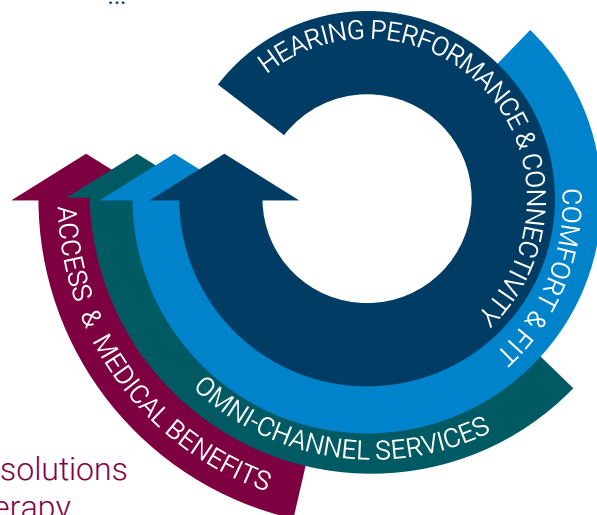
► Over CHF 1 bn invested in acquisitions in FY 21/22 and FY 22/23 to expand consumer access

Lead innovation

Building on core strength in hearing aids and driving market expansion

Innovation framework

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



- Wearing comfort
- Size, aesthetics, handling
- Rechargeability
- Reliability
- Waterproof
- ...

- Fitting tool innovation
- Personalization / user empowerment
- Audiology Service Innovation
- ...

- Early-entry solutions
- Tinnitus therapy
- Clinical comorbidities
- ...

Our R&D focus investments

- ➔ Continued expansion of processing power
 - Proprietary processing and connectivity chip technologies
- ➔ Elevating algorithms to enhance hearing performance
 - Augmenting existing algorithm technology with AI technologies
- ➔ Expanding access and enhancing consumer experience
 - Broadening portfolio to range of early-entry solutions
 - Developing digital solutions to facilitate flexible and personalized omni-channel consumer journey
- ➔ Enriching functionality towards additional medical benefits
 - Collaborations with medical institutions on clinical research of comorbidities
 - Developing technology enabled services beyond hearing

- ▶ Advancing innovation to elevate audiological performance and consumer experience
 - Expanding R&D investments, DD 3-year CAGR

Omni-channel consumer journey innovation

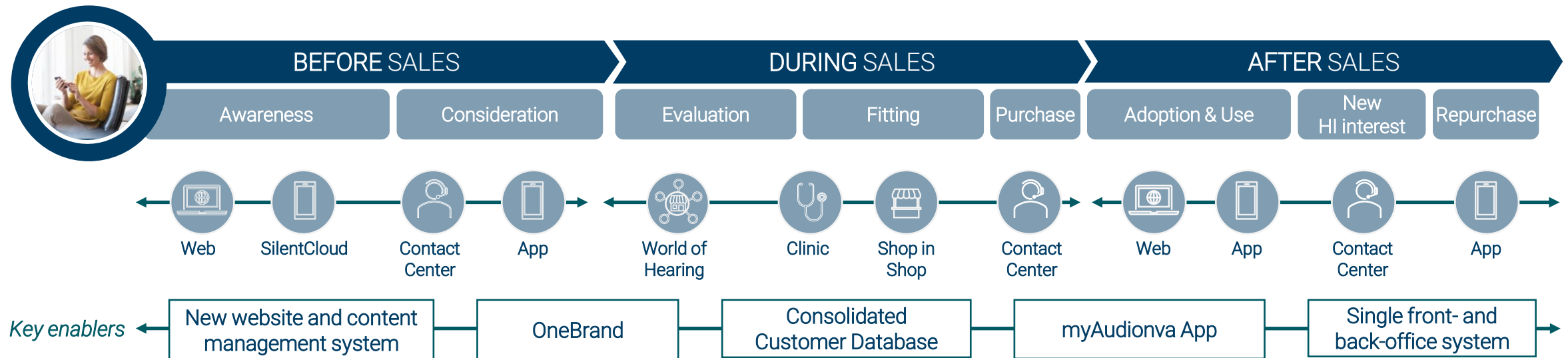
Creation of digital omni-channel ecosystem to address existing consumer needs and pain points

From...

One-size-fits-all experience,
all interactions required visit in clinic

...To

Customers flexibly choosing when, where and
how they get served, 24/7/365



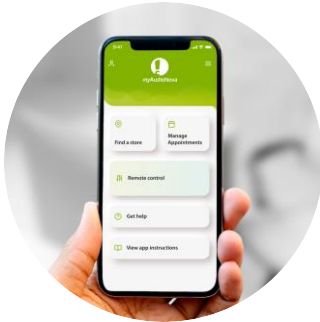
► Digital application suite developed to complement in store consumer experience

Omni-channel consumer journey innovation

Examples of digital tools to realize our omni-channel journey

End customer applications

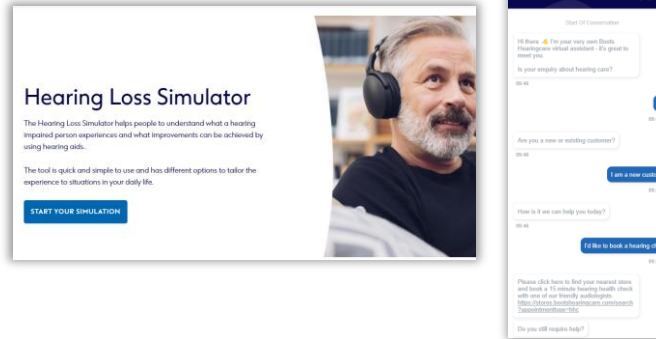
MyAudionova App



Multi-function gateway to consumers

- Key features: HI configuration, eBooking, online hearing test, account management, push notifications, knowledge library
- Live in DK since Apr'23
- Next roll-outs : IT, UK & DE

Online Hearing Simulator



Self-guided test of hearing solutions

- Key features: “online hearing experience” with predefined settings to simulate impact of:
 - Hearing loss (audience: significant other)
 - HI fitting (consumer and significant other)
- Live in UK

SilentCloud™ App



Tinnitus management

- Key features: 6-month exercise path to train brain to ignore/live with tinnitus
- Average age: 51y
- ENT & HCP engagement tool
- Live in BE, IT, NL

Data mgmt

*Customer Data Hub: 360° view of the consumer, standardized database structure globally
Solution live in CA, US*

Infras-
tructure

*Beyond front- and back-office ERP & CRM solution
Live in 5 countries: >CHF 100m investment in platform development so far*

Lead innovation and expand consumer access

Inviting consumers early to the benefits of hearing solutions

Solutions	 SENNHEISER Sennheiser is a brand licensed by Sonova		PHONAK unitron[™]
	Speech enhanced hearables (non-medical)	Ready-to-wear hearing aids (medical)	Prescription hearing aids (medical)
			
	TV Clear Conversation Clear Plus	All-Day Clear	Traditional hearing aids
Consumer profile	Consumers with self-perceived hearing difficulties in noisy environments or watching TV	18+ years old with self-perceived mild/moderate hearing loss for all day use	Consumers of any age with a diagnosed hearing loss of any severity
 Launch insights (after 2.5 months) ▶ Reviews & ratings ▶ Sell-out ▶ Training and education ▶ Customer adoption 4.1/5 stars on Bestbuy.com Volumes match expectations mainly driven by BestBuy ~600 independent HCPs joined product seminars >100 customers signed up as official resellers >125 HCP branded webstores online			

▶ Creating opportunities for earlier consumer engagement – Initial response positive

Continuous improvement

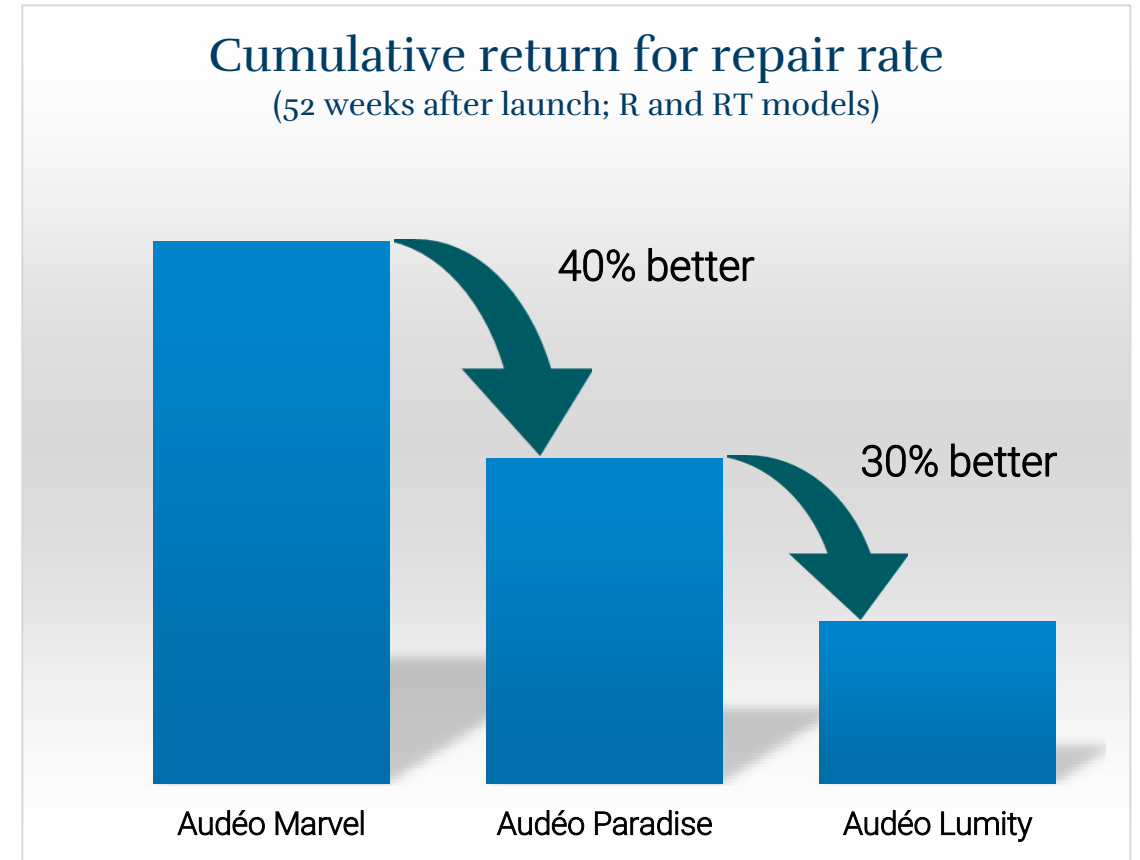
Excellence in reliability to enhance the customer and consumer experience

Key initiatives:

- Continued investment in reliability improvements
- Relentless pursuit of excellence through **Sonova X**
- Ongoing improvements in **charging technology** and **hardware components**
- Continued advancements in **software stability** and Bluetooth **connectivity**
- Increased focus on **full system performance**

Elevating HCP's in-store efficiency – currently ~20% of HCP's time (1 day/ week) spent on reliability

Enhance consumer satisfaction by minimizing interruptions to their hearing

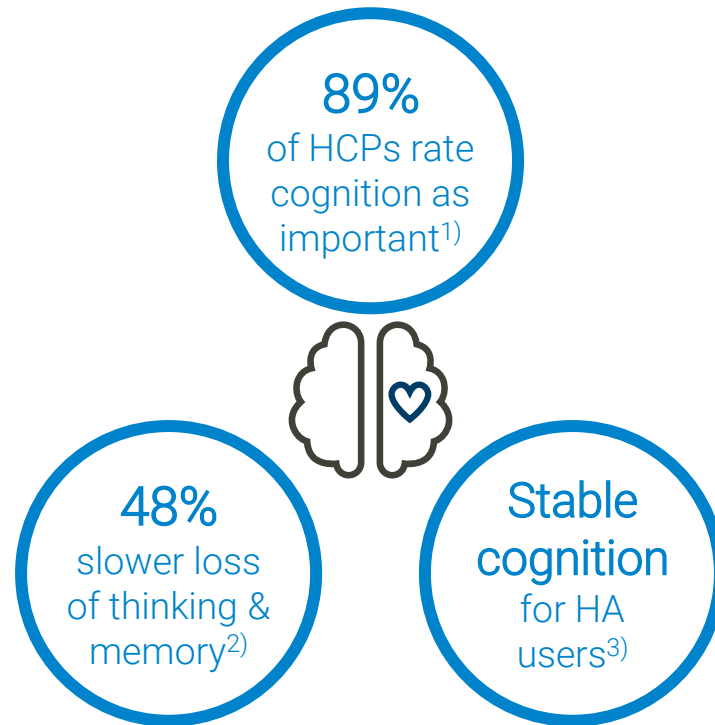


► Continued focus on product quality and reliability – Strong progress from platform to platform

The relationship of hearing solutions and cognitive health

Phonak's ECHHO Program – Enhancing Cognitive Health via Hearing Optimization

What we have learned



Our belief

Hearing well is vital to living well and linked to social-emotional, cognitive and physical dimensions of well-being

How we respond

- Raise awareness (e.g. ACHIEVE & ENHANCE studies)
- Train & equip the HCP
- Educate potential hearing aid users



Benefits for HCPs

- Differentiated care & better outcomes
- Increased hearing aid adoption
- Enhanced lead generation

Benefits for Sonova

- Enhanced loyalty and trust by HCPs
- Addressing consumers earlier

1) Audiological Care survey (2023). HCP N=203 CA, US, NL (39 male, 163 female, 1 did not disclose)

2) In older adults at increased risk for cognitive decline, hearing intervention slowed down loss of thinking and memory abilities by 48% over 3 years (ACHIEVE).

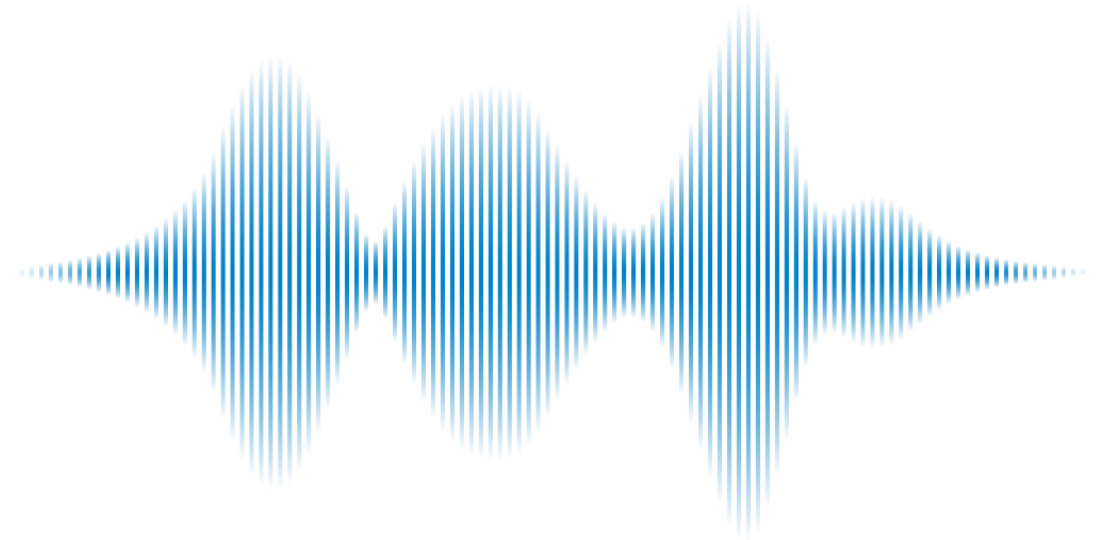
3) The cognitive health of participants who received hearing care remained stable over 3 years (ENHANCE)

► Evidence of link between hearing loss and comorbidities driving awareness and ultimately HI penetration



Latest innovations in hearing instruments

Oliver Frank, VP Phonak Marketing



Our strategy in Hearing Instruments Business

Excellence in consumer experience

Through a consumer oriented, seamless buying journey and easy-to-use, high-performance hearing solutions

Ability and scale for superior innovation

Invest and maintain industry-leading solution portfolio

Excellence in B2B(2C) Experience



Excellence in customer experience

Enabling our customers to thrive in their business through a trusted partnership, a broad product portfolio and service offering

Commercial excellence & access to hearing care

Expand market share and access through superior Go-to-market

► Focus to strengthen our advantage leveraging our strong fundamental capabilities

Sonova leading innovation – The Lumity platform

The Lumity platform roll-out

Key benefits



Improved speech understanding
in challenging hearing situations^{1,2}



Easy to use & rechargeable



Universal connectivity to a multitude
of Bluetooth enabled devices

August 2022

Phonak Audéo Lumity



- New Phonak **SmartSpeech™ Technology** with Speech Enhancer and StereoZoom 2.0

August 2022

Phonak Audéo Life



- Second generation of the **world's first waterproof**, rechargeable hearing aid

April 2023

Phonak Slim



- **Stylish new form factor**, building on proven Lumity features
- Unique **ergonomic shape**, contoured to naturally nestle behind the ear

August 2023

Phonak Naída, CROS, Sky & Audéo Fit



- Extension of the platform to **all ages and levels of hearing loss**
- Incl. **battery models**

¹ Appleton, J. (2020) AutoSense OS 4.0- significantly less listening effort and preferred for speech intelligibility. *Phonak Field Study News* retrieved from www.phonakpro.com/evidence

² Woodward, J and Latzel, M (2022) New implementation of directional beamforming configurations show improved speech understanding and reduced listening effort. *Phonak Field Study News* in preparation.

► Bringing the key benefits of the Lumity platform to additional form factors and consumer groups

Making Lumity available for even more consumers

Severe-to-profound hearing loss



Unaidable hearing loss in one ear



Children with hearing loss





Phonak Lumity.

Featuring cutting-edge SmartSpeech Technology.

Power and pediatrics – Part of the Phonak DNA



Power and pediatrics are in our DNA



75 years of experience in power hearing aids
50 years in pediatrics



10 years of connection with Roger

► Phonak Sky and Naída are building on the historic strengths of Phonak

Phonak Sky – a comprehensive ecosystem for pediatrics



Pediatric design: Hearing aids designed for kids, tweens and teenagers



Research with kids & 25 years of collaboration with the pediatric advisory board



AutoSense™ Sky OS 5.0: our A.I. powered operating system for pediatrics now with **Phonak SmartSpeech™** technology



RogerDirect™: 10 years of connection with Roger



myPhonak Junior app: the only pediatric app in the industry

The power of Phonak Naída



16 years of Naída power solutions: based on 75 years of innovation experience



Rechargeable or with a 675 zinc air battery: for up to 10 days of power*



AutoSense™ OS 5.0: our A.I. powered operating system with Phonak SmartSpeech™ technology now in our Naída



RogerDirect™: 10 years of connection with Roger



Made For All: MFA is compatible with all smartphones, tablets and laptops with Bluetooth® for streaming and hands-free calls

* UP battery time dependent on brand of battery, degree of hearing loss and how the hearing aid is used, eg streaming time etc. 10 days is based on a 16 hour day.

Our consumers love Phonak Lumity



Heike Albrecht-Schröder

Deaf tennis player, Olympia Gold Winner

“It is fascinating to experience the long history of the development of Phonak Naída hearing aids first-hand. ...With the Naída Lumity hearing aids, I can make phone calls, listen to voice messages and communicate better with society – I couldn't do any of that before.”

+30 min

On average, adults **wear** Phonak Audéo™ Lumity hearing aids 30 minutes **longer per day** compared to Audéo Marvel.¹

20%

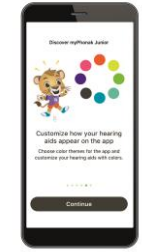
Less post purchase returns with Audéo Lumity compared to Audéo Marvel.²

¹ Approximately 277'000 fitting files with Phonak Audéo™ Marvel, Paradise and Lumity hearing aids were accessed, representing approx. 171'000 clients from the United States.

² Drexler, J. (2023). Mild to moderately-severe hearing loss. Phonak Target Track.

► **Lumity improves consumer satisfaction**

A Phonak Lumity for everyone

	Mild to severe	UHL and asymmetrical hearing loss	Mild to profound	Apps	All
Adults	RIC  Slim Audéo L (R, RT, RL) Audéo Fit	CROS  CROS L	BTE  Naída L (PR, UP)	 myPhonak	Roger Mics 
Teenagers and Kids	  Audéo L color extension	  CROS L	 Sky L (PR, UP)	 myPhonak Junior	

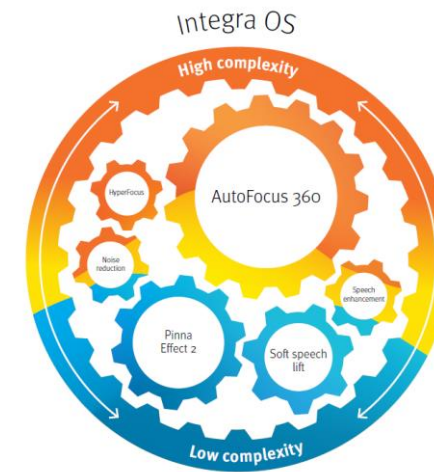
Expanding our latest platform to Unitron

Launch of Unitron Vivante

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unitronTM



April 2023



August 2023



How our comprehensive portfolio will help us grow



1 A comprehensive portfolio is a key driver for manufacturer choice: Phonak Lumity Sky and Naida are great door opener for customers not yet doing a lot of business with us¹

2 **Lifetime value:** Sky allows us to win consumers early in the HI journey and hopefully keep them loyal for life

3 Sky and Naida offer **additional revenue opportunity by bundling** them with our Roger products

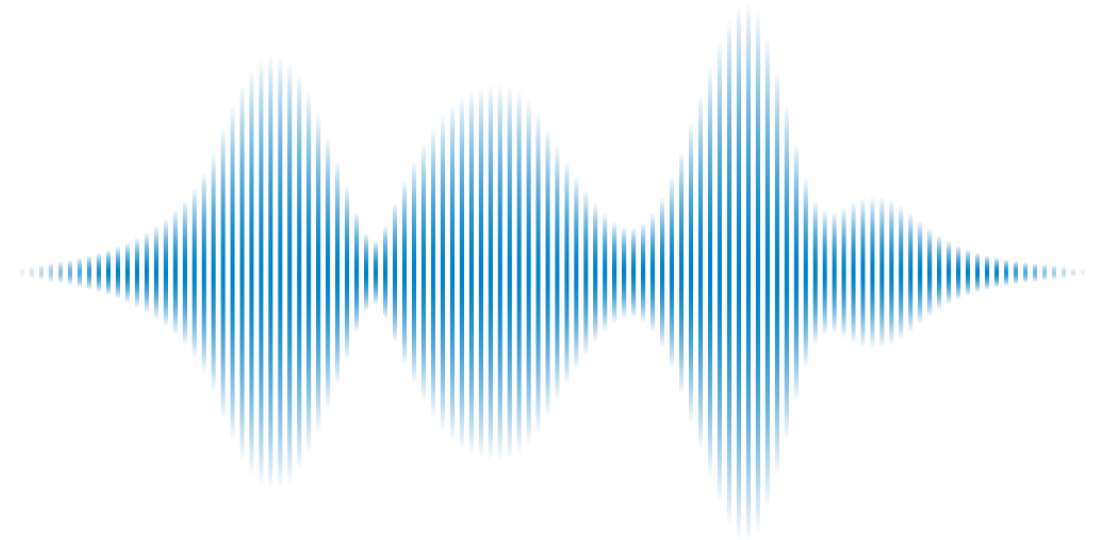
4 The Phonak Lumity Extension as well as the new Unitron platform Vivante allow us to drive a **competitive multibrand strategy**

¹ Project # 1364 Key Drivers Brand Choice - Quant Survey



Summary and Q&A

Arnd Kaldowski, CEO



Key takeaways

- Continued focus on **execution of our proven strategy**
- Market **environment remained volatile** with sequential slowdown in 2Q 2023 but re-acceleration in 3Q 2023
- **Broadening consumer access and market reach** through AC network expansion, delivering good results, and through creation of new early-entry solutions
- **HI business starting to regain positive momentum** after the headwinds in the prior 12 months– recent **expansion of the Phonak Lumity platform** and Unitron Vivante a meaningful opportunity to engage with HCPs and drive growth in 2H 2023/24
- **Fostering awareness on comorbidities** through scientific collaborations, HCP training and awareness campaigns to ultimately drive HI penetration

