

Sonova Investor & Analyst Day 2024

Stäfa, Switzerland
August 27, 2024



Disclaimer

This presentation contains forward-looking statements, which offer no guarantee with regard to future performance. These statements are made on the basis of management's views and assumptions regarding future events and business performance at the time the statements are made. They are subject to risks and uncertainties including, but not confined to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside Sonova's control. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual outcomes may vary materially from those forecasted or expected. Each forward-looking statement speaks only as of the date of the particular statement, and Sonova undertakes no obligation to publicly update or revise any forward-looking statements, except as required by law.

This presentation constitutes neither an offer to sell nor a solicitation to buy any securities. This presentation does not constitute an offering prospectus within the meaning of Article 652a of the Swiss Code of Obligations nor a listing prospectus within the meaning of the listing rules of SIX Swiss Exchange.

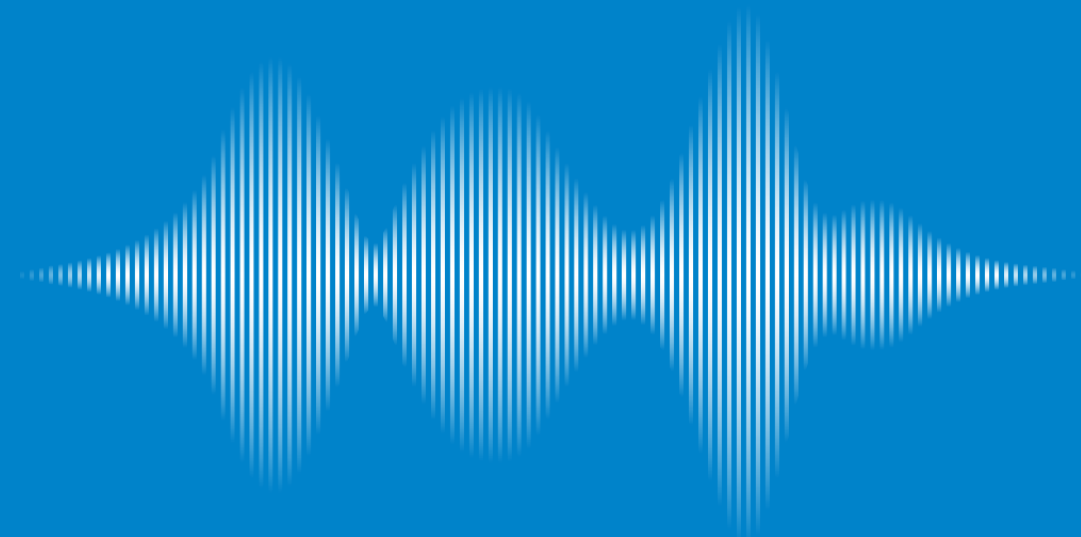
Sonova name, products names and logos are registered trademarks of Sonova.

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

Introduction








Welcome and market update

Birgit Conix, Chief Financial Officer



Investor & Analyst Day 2024

Agenda and Speakers

11.00	Welcome and market update	Birgit Conix, CFO	
11.10	Strategy and outlook	Arnd Kaldowski, CEO	
11.25	Continuously pushing the boundaries of innovation	Rob Woolley, GVP Hearing Instruments	
11.45	Managing technology breakthroughs	Arnd Kaldowski, CEO	
12.05	Phonak Infinio – Unlock a world of possibilities	Oliver Frank, VP Phonak Marketing	
12.45	1 st Q&A		
13.15	Lunch, product demo & marketplace		
14.45	Achieving AC excellence in Germany – A blueprint for global success	Oliver Lux, GVP Audiological Care	
15.15	Unlocking hidden value through Sonova X	Arnd Kaldowski, CEO Ludger Althoff, GVP Operations Lilika Beck, GVP Consumer Hearing	
15.45	2 nd Q&A and closing remarks		
16.15	Factory tour & Last chance for product demo		
17:00	Conclusion of Investor & Analyst Day 2024		

Sustainable market leader in an attractive industry

Attractive market

- Attractive secular growth drivers
- Significant penetration potential in mild and moderate hearing 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, with scaled direct consumer access



Focus on sustainability

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

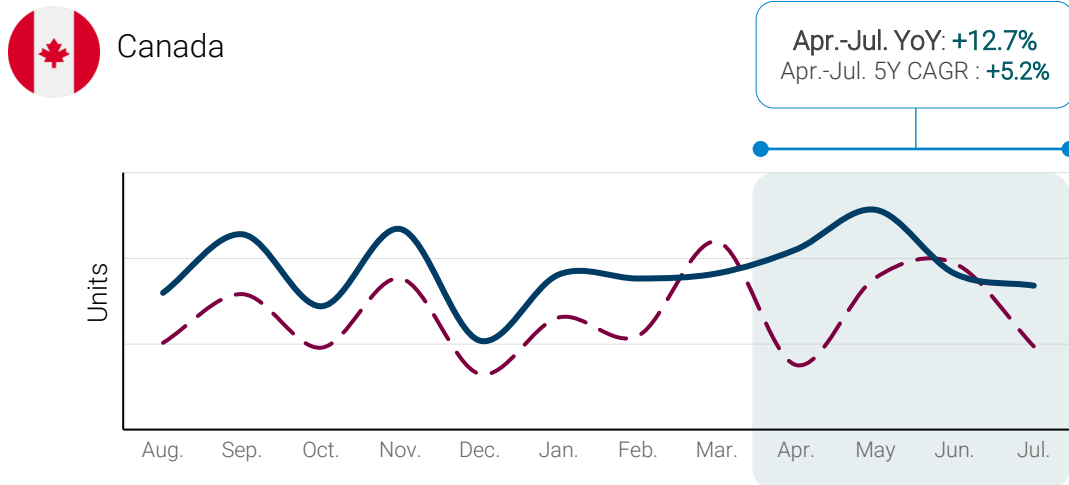
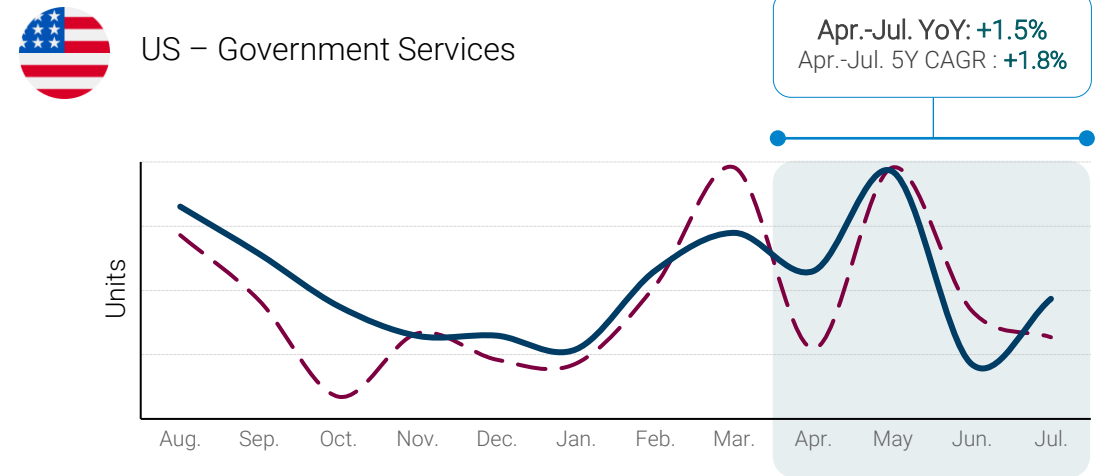
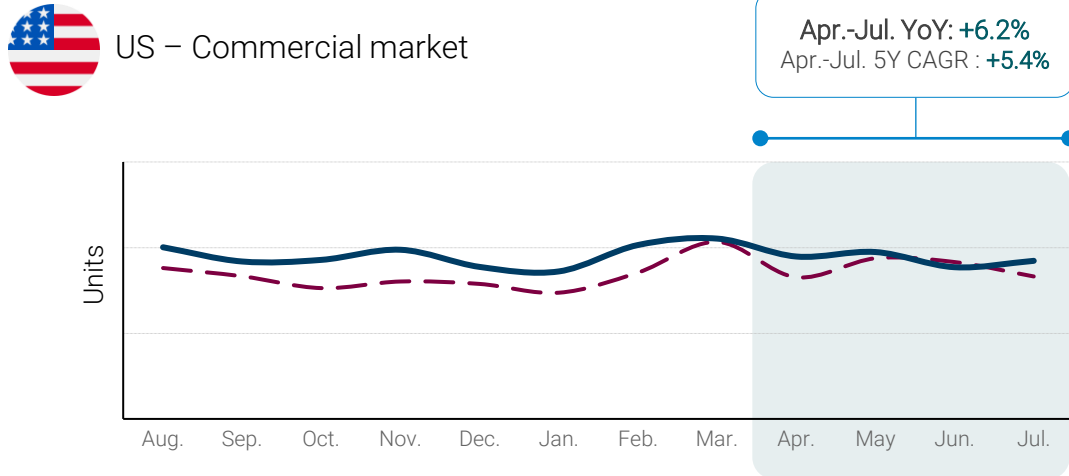
Strong financials

- Attractive profit margins
- Strong balance sheet and cash generation
- Moderate leverage and long-term debt structure at low interest rates
- Significant capacity for organic and inorganic growth investments
- Low tax rate

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

Market update – Hearing Instruments

North America – Slowdown in Managed Care, double digit growth rate in Canada

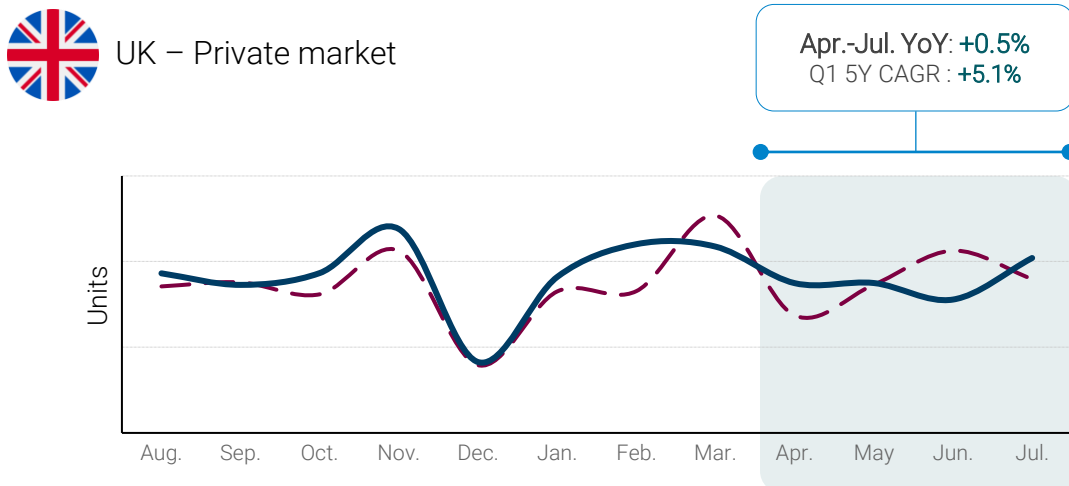
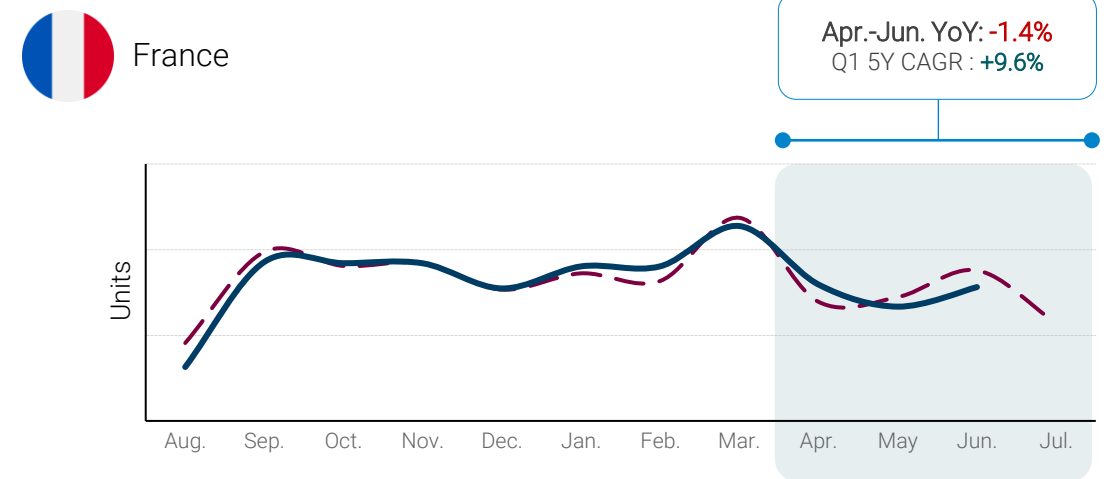
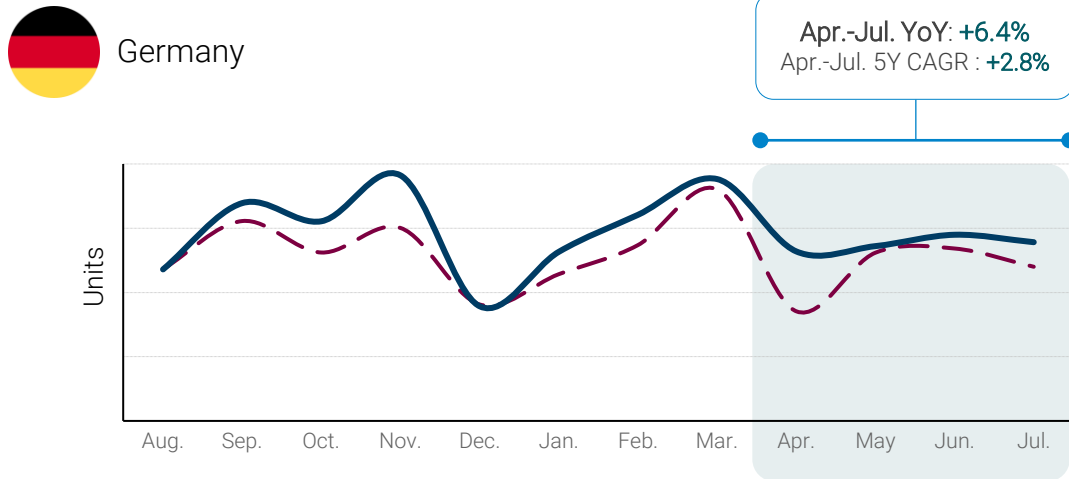


- **US Commercial market** – market growth slowed with Managed Care up MSD YTD 2024/25, down from >20% growth rate in PY
- **US Government Services** – market is currently weighed down by capacity constraints due to hiring freezes and staff shortages
- **Canada** – Strong momentum with DD growth YTD 2024/25 after HSD in FY 2023/24

— Actual — Same period of the prior year

Market update – Hearing Instruments

Europe – German market tracking higher, soft French and UK Private markets



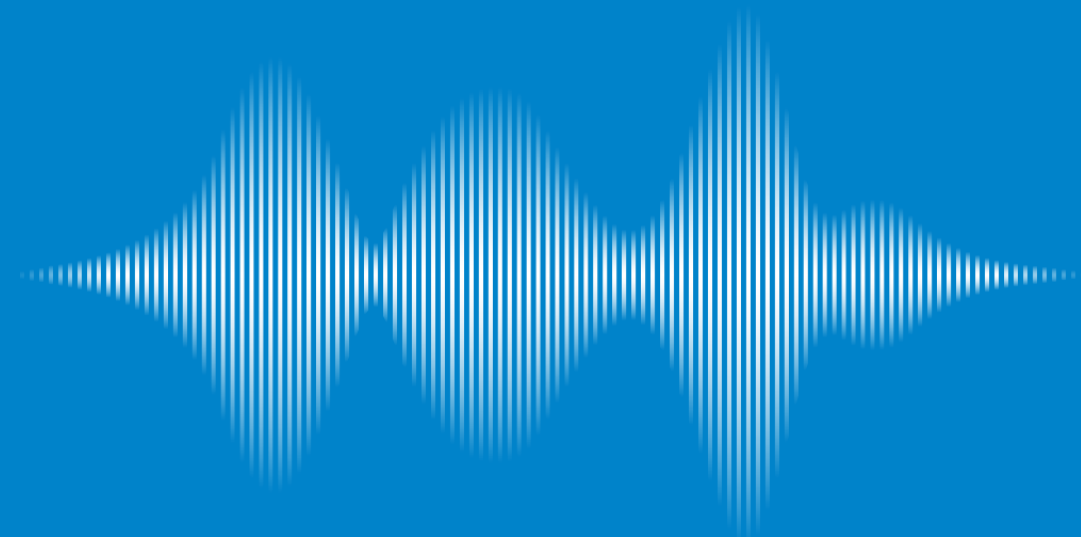
- **Germany** – MSD market growth YTD, in line with development in 2H 2023/24
- **France** – continued market decline YTD 2024/25, although less severe, after market contraction in FY 2023/24
- **UK Private market** – market flat YTD 2024/25 but outlook improving due to better consumer sentiment amidst stabilizing politics

— Actual — Same period of the prior year

Introduction

Strategy and outlook

Arnd Kaldowski, Chief Executive Officer



Sonova's 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

Invest in high growth developing markets

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

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



► Strategy unchanged: Innovation, consumer access & continuous process improvement in focus today

Our growth ambition

Ambition to gain market share through customer-focused growth strategy and strong commercial execution

Mid-term targets

Sales CAGR
6-9% p.a. in LC
organic: +5-7%
M&A: ~+1-2%

adj. EBITA CAGR
7-11% p.a. in LC

Market growth (in value)

Mid-term CAGR
4-6% p.a.

Sonova growth strategy

Executing on our strategic pillars to drive above-market growth



Key focus areas

Targeted growth initiatives in 5 focus areas enabled by continued growth investments



► Key growth drivers in focus today: Lead hearing innovation and broaden consumer access

Key growth drivers

Customer centricity and growth initiatives to drive sustainable, above-market growth

Lead innovation		Broaden consumer access	Deliver commercial excellence	Accelerate high growth markets
Advance audiological performance	Expand consumer value			
Pioneer technology & deliver best-in-class audiological performance	Deliver consumer-centric value-add through differentiated solutions	Provide broad consumer access to pinnacle audiological services & solutions	Be the partner of choice through state-of-the art & customer-oriented service	Expand presence in markets with high growth potential
Key growth drivers				
<ul style="list-style-type: none"> – Elevate core hearing performance by expanding processing power and algorithms (incl. AI technologies) 	<ul style="list-style-type: none"> – Enhance consumer value through technology-enabled medical services and expand category with early-entry hearing devices 	<ul style="list-style-type: none"> – Expand network through M&A and greenfield openings – Elevate consumer journey through digitization and omni-channel interaction 	<ul style="list-style-type: none"> – Elevate relationships with B2B customers through value-added services, feet on the street investments and commercial excellence 	<ul style="list-style-type: none"> – Scale up Audiological Care business network and further build on consumer audio brand in China

► Key growth drivers in focus today: Lead hearing innovation and broaden consumer access

FY 2024/25 market and business assumptions

- Global hearing care market slightly slower than expected in 1Q 2024/25 but still expecting normal growth of 4-6% for the year
- Lower market growth in North America as expected –improvement in EU driven by DE and NHS but continued weakness in FR
- FY2024/25 to benefit from significant new products which will elevate Sonova’s industry-leading performance and drive growth
- Very positive initial market response to new products but limited contribution to 1H on sales – first half profitability impacted by launch costs, late-cycle ASP pressure and manufacturing ramp-up
- Sales momentum expected to pick up in 2H – combined with lower costs to lead to significant growth in profitability
- Restructuring and integration costs expected at around CHF 30-40 million in FY 2024/25

FY 2024/25 expected currency impact (based on mid August 2024 FX)

- Recent FX development leading to negative impact for the year (at current rates)
- Sales growth in CHF to be reduced by ~1-2%-pts
- Adj. EBITA growth in CHF to be reduced by ~3-4%-pts

In LC	Outlook FY 2024/25
Sales growth	+6% to +9% p.a.
adj. EBITA growth	+7% to +11% p.a.

Note: adj. refers to adjusted figures; for details, please refer to the Appendix.

► Outlook FY 2024/25 confirmed – 1H profitability impacted by usual launch costs and ASP dynamic

ESG highlights

Overview of tangible achievements highlighting continued progress towards our ESG commitments



Environmental

- ▶ Reduced **greenhouse gas emissions by 28%** (Scope 1-3) vs. 2019 (on a comparable basis) and by 12% vs. previous year
- ▶ Climate targets officially approved by the **Science Based Targets initiative (SBTi)**
- ▶ **100% renewable electricity** globally within our own operations
- ▶ Reduced hearing instruments product and transportation **packaging weight** by 9% vs. previous year



Social

- ▶ Increased **employee engagement** score to 83%, up 1 percentage point vs. previous year
- ▶ Share of **women in senior management** increased to 28.3% (vs. 22.0% in 2022/23) and **women in middle management** increased to 39.9% (vs. 36.4% in 2022/23)
- ▶ Over 500 people leaders trained in “**Mental Health First Aid** Conversations for Managers”
- ▶ More than 4,000 fitted hearing aids through **Hear the World Foundation** projects



Governance

- ▶ Advanced **ESG reporting and external assurance** to ensure regulatory compliance
- ▶ Improved **product reliability** for hearing instruments (+7%) and cochlear implants (+14%) compared to 2022/23
- ▶ Further advanced **supplier ESG risk assessments**
- ▶ 10% of the variable cash **compensation** of the MB linked to ESG performance

▶ Substantial progress on our *IntACT* ESG strategy achieved in FY 2023/24

ESG ratings

Overview of Sonova's rating results for environmental, social, and governance (ESG) factors

Sonova ESG ratings

B

Status: Prime (C+ or better)
Industry position: Top 2%

202 companies in the industry

Last rating update: 20 Dec 2023

AAA

MSCI ESG Rating of AAA in 2023, up from AA in 2022

MSCI ESG RATINGS

CCC B BB BBB A AA AAA

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.

Last rating update: 24 Nov 2023

Low ESG risk

14.3 Low Risk

	Negligible	Low	Medium	High	Severe
	0-10	10-20	20-30	30-40	40+

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	1631/16009	11th
Healthcare INDUSTRY	38/634	7th
Medical Devices SUBINDUSTRY	2/225	1st

Last rating update: 22 Aug 2024

DJSI member

Member of indices DJSI World & DJSI Europe for 10 consecutive years

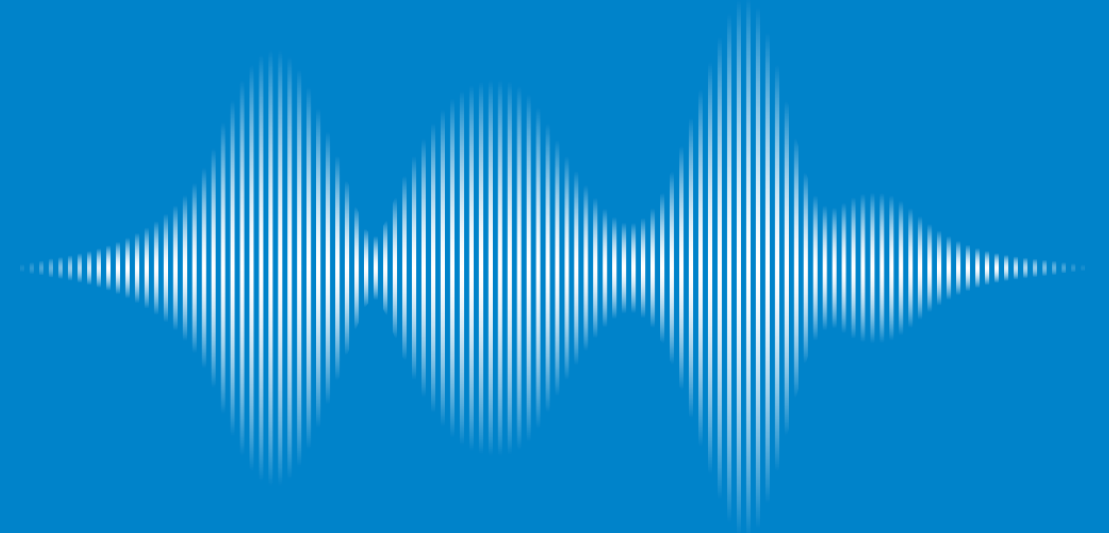
4th out of 279 assessed companies in the medical devices industry

Last rating update: 18 Dec 2023

► Major ESG rating agencies give Sonova industry-leading scores in their most recent assessment

Lead Innovation
Continuously pushing
the boundaries of innovation

Rob Woolley, GVP Hearing Instruments





How we measure long-term success in the HI BU

- 1 Market share in units and value
- 2 Sustainable growth in units and value
- 3 Number of end-consumers enjoying the delight of hearing

The 4 elements needed to achieve market leadership



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 customer experience

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

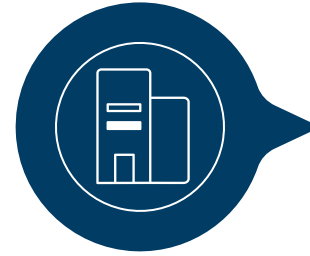
Commercial excellence & access to hearing care

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

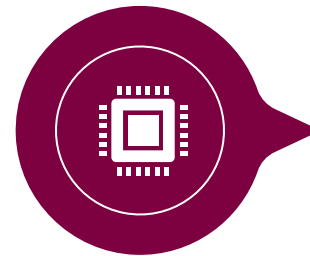
What is needed to scale for superior innovation?



Collaborate with external clinical and technology partners



Invest in technology and innovation in house



Build for scale and invest in competence including improving in our proprietary chip and process technology



Drive culture of innovation & learning

Areas of innovation which drive true value for consumers

Enjoy the delight of hearing and live a life without limitations



Hearing performance



Sound quality



Speech in noise

Ease of use



Connectivity



Reliability



Personalization

Sonova has continuously delivered breakthrough technology based on true consumer needs

Hearing performance

Ease of use

Better understanding of conversations

1st multi microphone directionality



1994

AUDIO ZOOM

Comfort and hearing in any situation

1st automatic classification of environment



1999

CLARO

Better understanding in dynamic situations

1st adaptive directional beamforming



2004

SAVIA

Better understanding from the front

1st narrow beamformer



2012

QUEST

Rechargeability
peace of mind

1st Li-Ion rechargeable HI



2016

BELONG

Universal connectivity

1st Made-For-All connectivity



2018

MARVEL

?

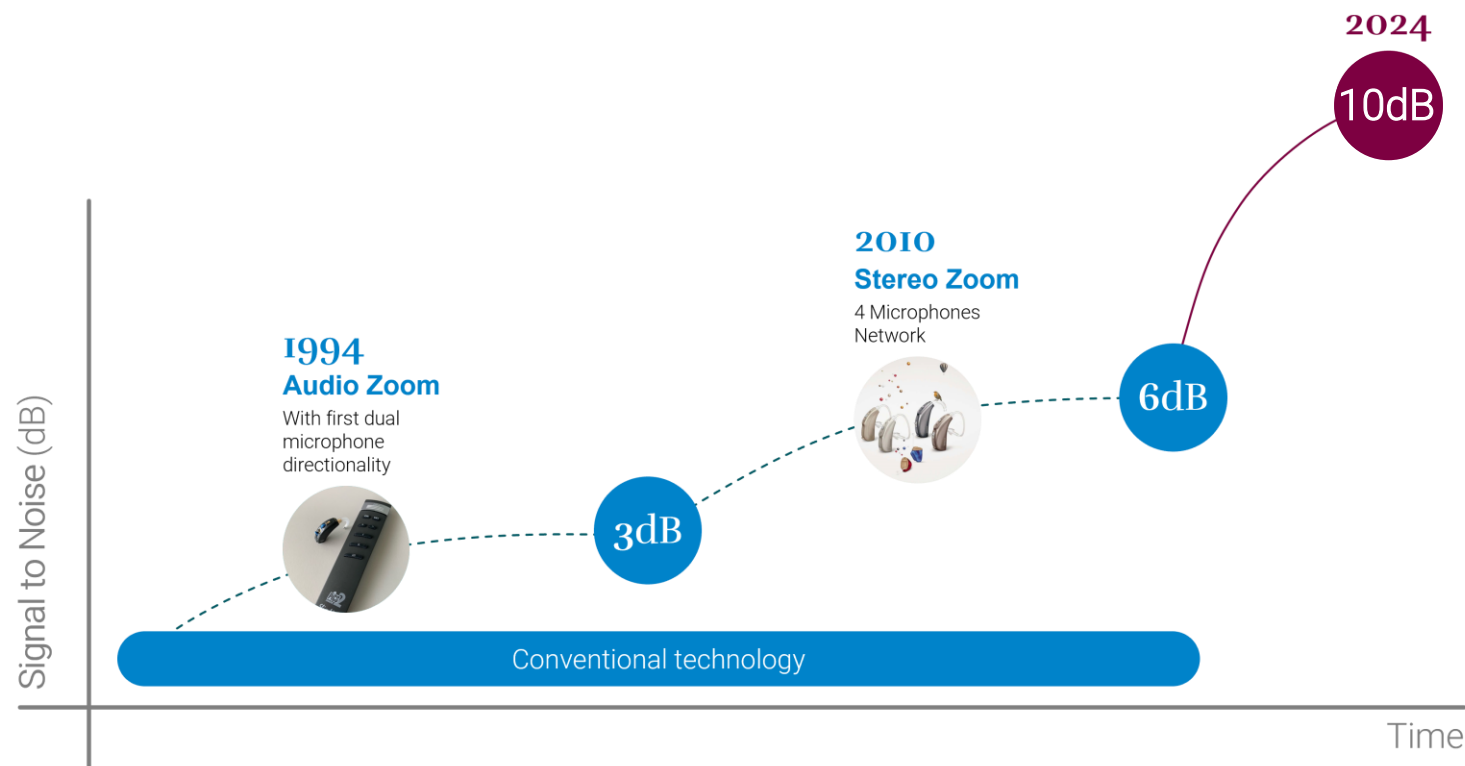
2024

Speech in noise:

Enjoying conversations in even the most demanding situations is the most difficult task to solve in the hearing instrument industry.



We have taken a huge step in “speech in noise” improvements



What are the challenges and barriers to use DNN in hearing instruments today?



Consider real life situations

Need to work in **real life situations** with speakers from multiple angles as well as open-fittings



Intense training needed

Need for **intense training data** and **generalization** of un-trained input data



Minimize the delay

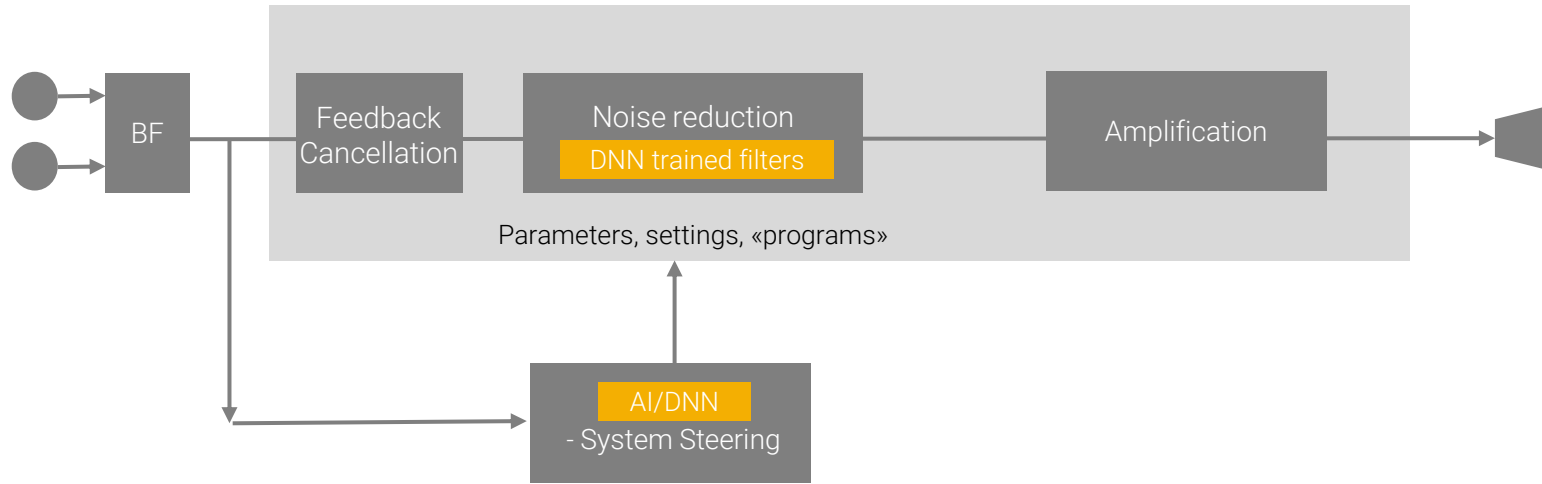
Need to **minimize the delay** which could occur with the large computational complexity to less than 15ms



Powerful chip technology needed

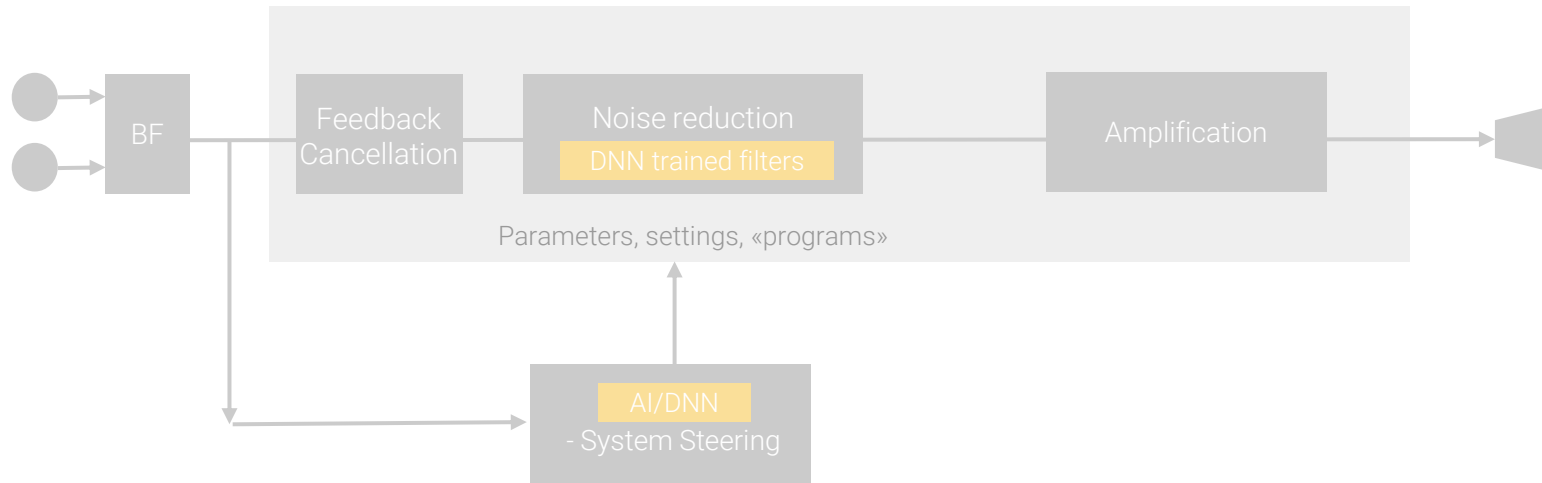
Need for a **high computational complexity** with millions of parameters specific for speech enhancement and **powerful chip technology** to support it

How DNN has been used in Hearing Instruments until now



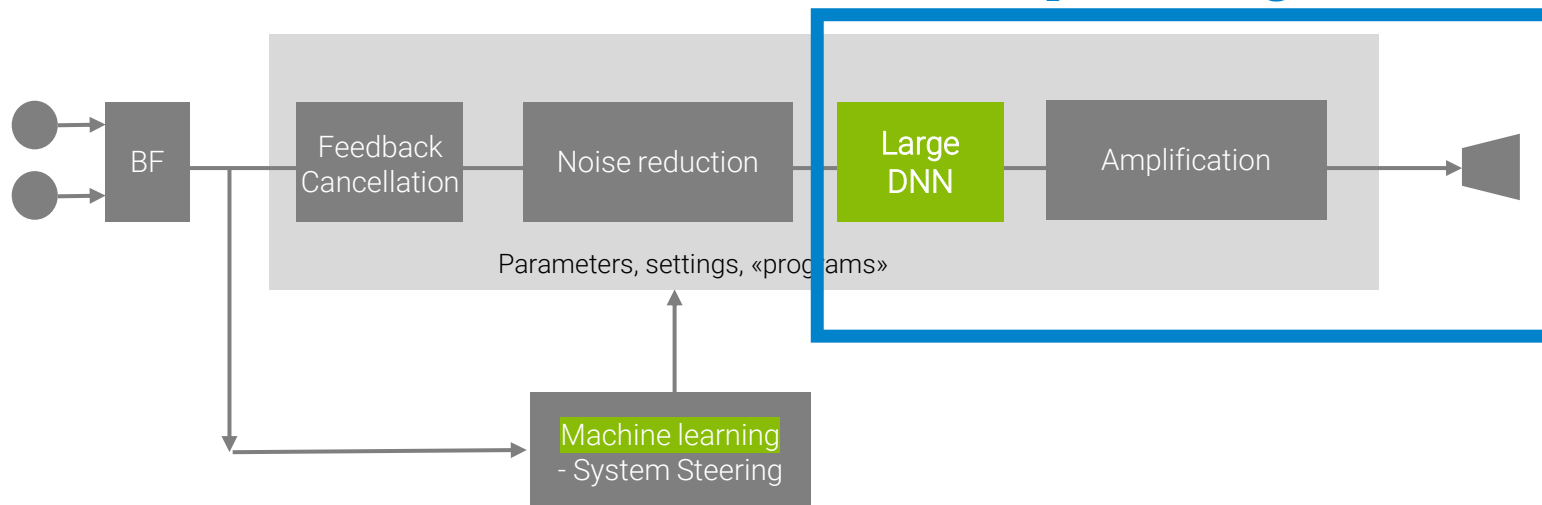
- ▶ The challenges and barriers haven't been broken until now
- ▶ DNN has been used to "classify" sound

How Sonova is using DNN for a significant step change



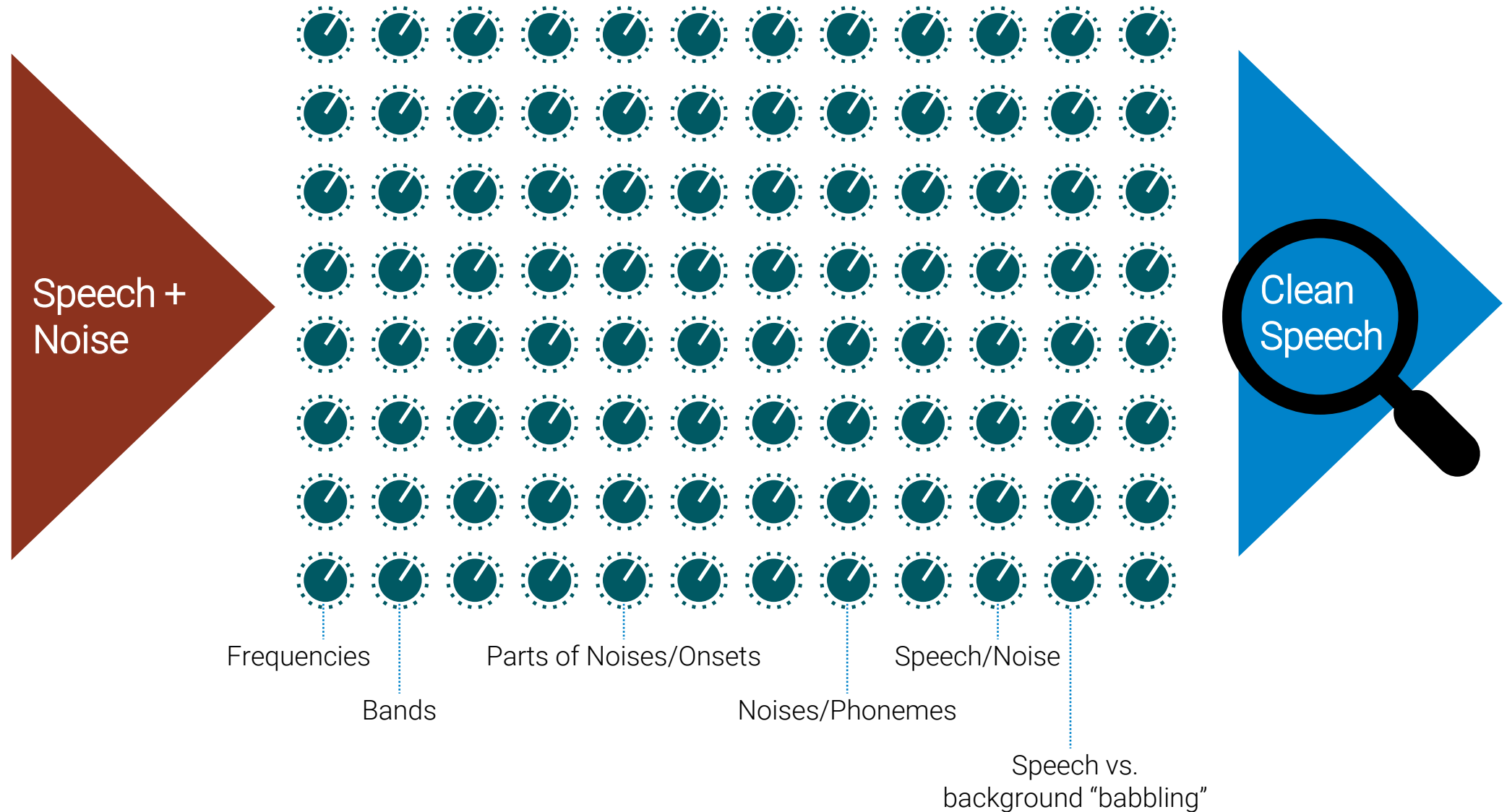
- ▶ The challenges and barriers haven't been broken until now
- ▶ DNN has been used to "classify" sound

Sound processing



- ▶ Dedicated data, algorithm and hardware on "Speech in Noise"
- ▶ Dedicated DNN architecture is now used for "sound processing" yielding significant SNR improvements

Imagine millions of tuning knobs to filter out clean speech

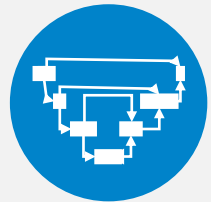


How did Sonova overcome the barriers and challenges?



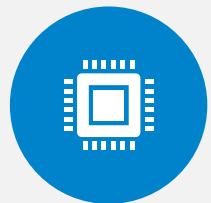
Qmetrics

Sophisticated training, performance assessment & optimization



DNN Architecture

Specific, large DNN architecture optimized for speech enhancement



DEEPSONIC Chip

Computational power through a NPU computational architecture



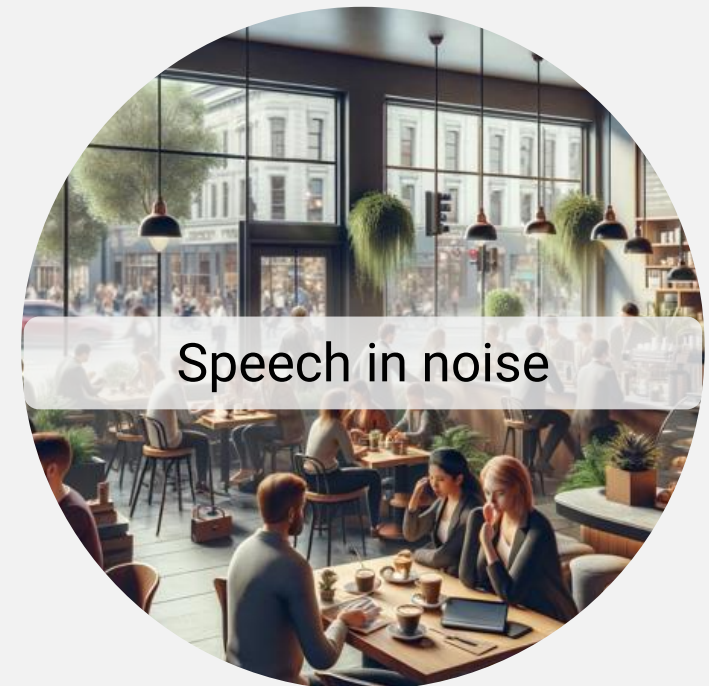
Organizations development

Integrate new skills/team members with existing team, develop joint culture, avoid “not-invented-here” syndrome



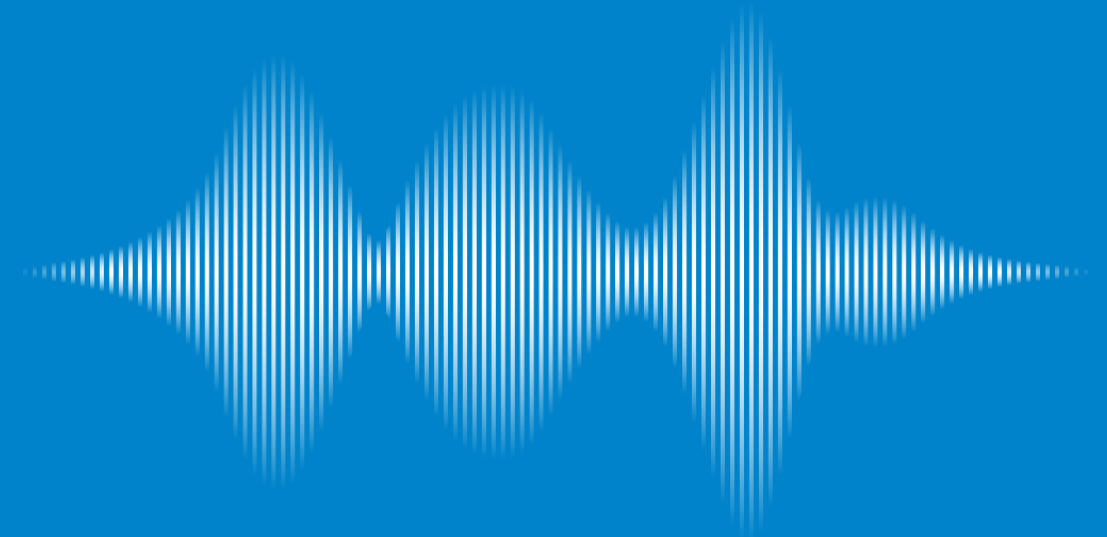
DNN used for
sound
processing
in a
hearing
instrument

True step change in speech in noise situations for our consumers



Lead Innovation
Managing technology breakthroughs

Arnd Kaldowski, Chief Executive Officer



Everything starts with a vision



Our vision is a world where everyone enjoys the delight of hearing and lives a life without limitations.

Our aspiration – Where we stood 6 years ago

Leveraging our innovation framework to address unmet needs

Innovation framework



Where the hearing industry was recently

- Hearing performance far better than 10+ years ago
- Consumers still don't hear as well as they aspire to
- Strong progress made in usability e.g. rechargeability or waterproofing (Sonova) and connectivity
- New technological breakthrough needed for significantly better hearing in noise



Improved hearing performance is the biggest unmet need and remains at the center of our innovation strategy

► A technological breakthrough was needed to address key unmet need: Significantly better hearing in noise

Key innovations that changed the industry

Where Sonova stands today

Beamforming and traditional algorithms

★ Beam steering with multiple microphones

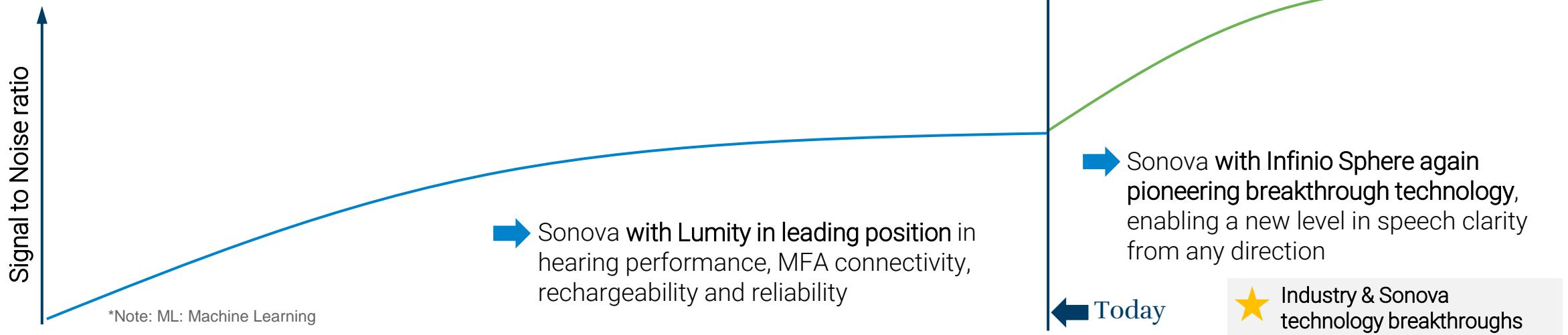
- Reprogrammable DSP platform
- AutoSense OS – ML*-based beamforming
- SoundRecover- 1st frequency compression to improve audibility
- MEMS microphones and transducers

Connectivity and rechargeability

- ★ (MFA) connectivity
- ★ Li-Ion rechargeability
 - Sensor technology
 - App ecosystems

Real-time AI-based sound processing

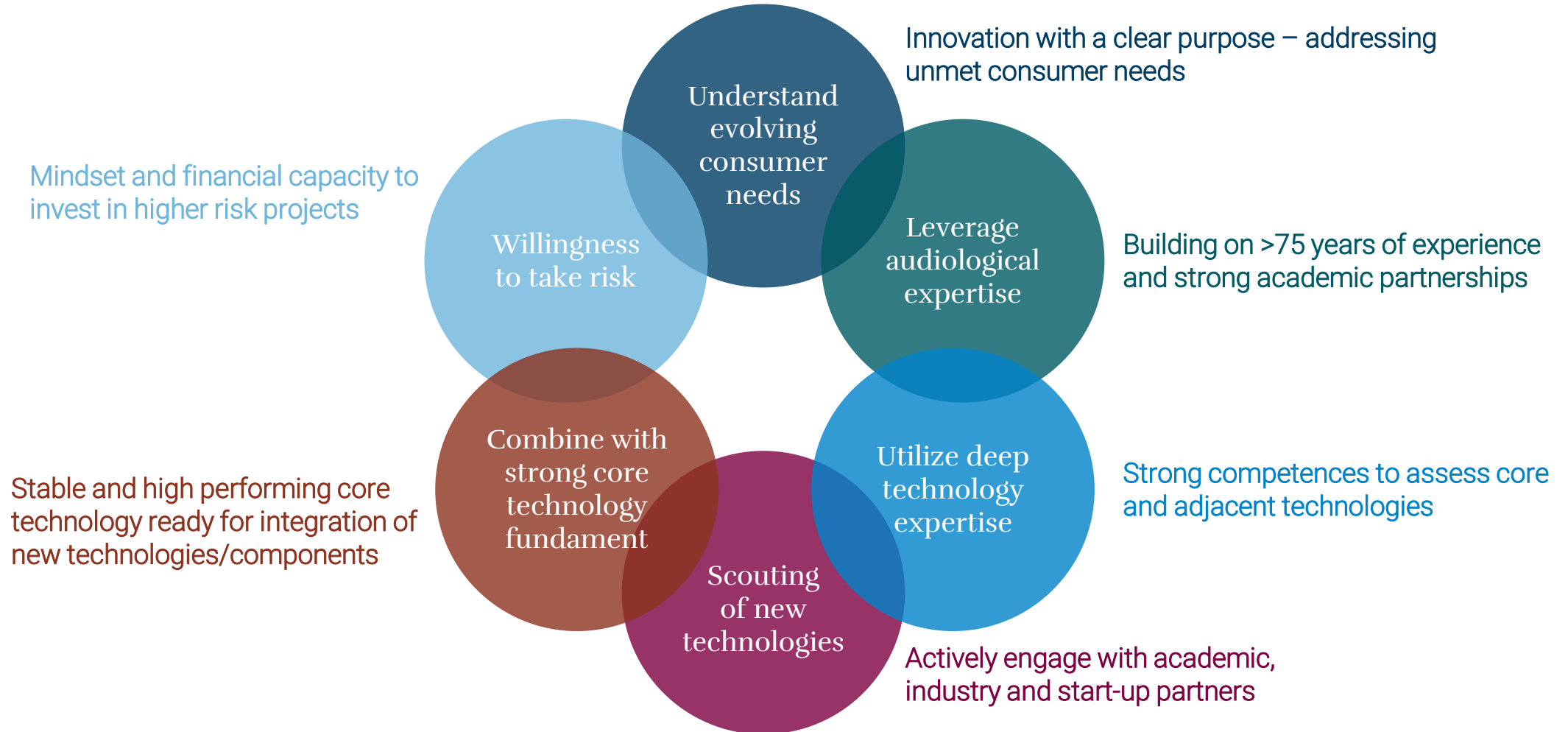
- ★ Real-time AI sound processing thanks to powerful large DNN on a proprietary chip
 - New dual-chip architecture and new algorithm technology
 - Additive to the benefits of current technologies e.g. beamforming



▶ Sonova is taking the next technology leap, opening a new chapter in speech enhancement

Enabling technological breakthroughs

Key enablers for Sonova to break new technological barriers



► Breakthrough innovation requires multiple capabilities beyond technological know-how

Leveraging “Open Innovation” to accelerate time to market

Building-up DNN capabilities at Sonova

6 years ago: Make, partner or buy? –

This time: Acquiring access to new skills and capabilities

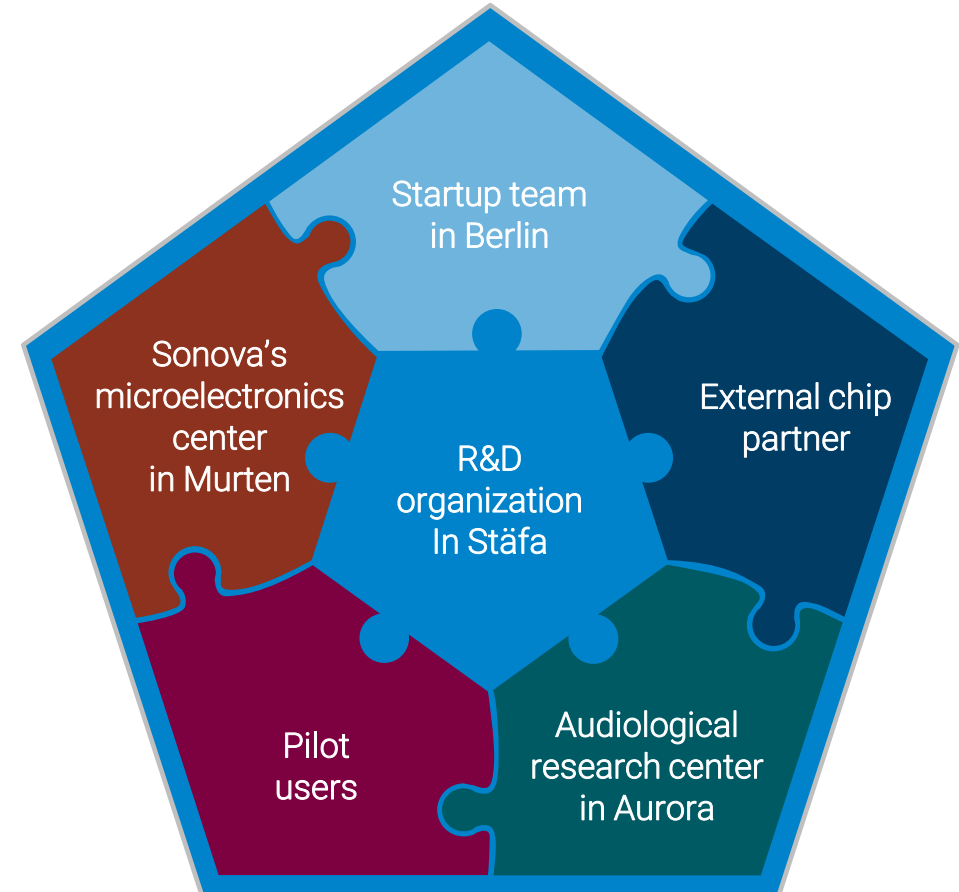
- Acquisition in 2019 - small, but highly focused team specialized on DNNs for speech enhancement
- Successful knowledge transfer and expansion of DNN team @ Sonova

Leveraging Sonova’s core competences

- Deep audiological know-how
- All “conventional” Sonova core technologies
- In-house and partner chip design capabilities

Embrace diversity – Adjust leadership style

- Bring together a variety of skill-sets and disciplines
- Manage a variety of internal / external stakeholders, cultures, backgrounds and needs
- Combine a startup-culture with a large corporate – engage both worlds to collaborate effectively



▶ **Successfully combining the best of uniquely different worlds – A critical success factor**

The art of integrating a start-up

Keeping the team motivated while gradually integrating their capabilities and the solution

Soft integration of a start-up...

- Light integration approach – leave start-up spirit intact
- Different compensation models
- Different work environments – retain start-up culture
- Let team focus on core tasks
- Establish and consistently leverage joint project vision

...while making both worlds work seamlessly together

- “Over-invest” in project and interface management
- Have clearly aligned set of milestones and priorities (with “teeth”)
- “Over-invest” in alignment and regular face to face exchanges (even during COVID)



► Leveraging large corporate capabilities while keeping the start-up spirit alive

Unlock a world of possibilities.

Oliver Frank, VP Phonak Marketing

PHONAK

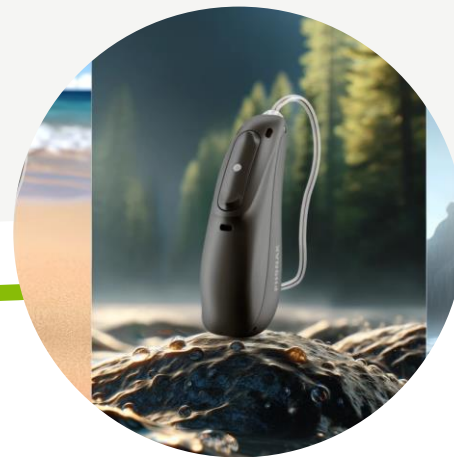
life is on



Sound quality



Connectivity



Reliability



Personalization

Infinio

**Exceptional sound
quality from the first
moment.**



**Market leading
connectivity takes a
giant leap forward**



**Tested.
Reliable.
Proven. Swiss
engineering at
its best.**

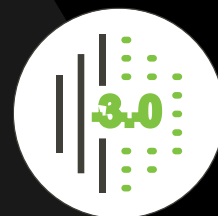


**Personalized
for you and
your clients.**



Infinio

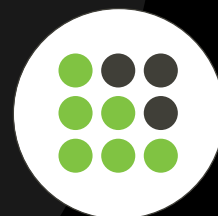
**Exceptional
sound quality
from the first
moment.**



**Adaptive Phonak Digital 3.0
(APD 3.0)**



AI Dome Proposer



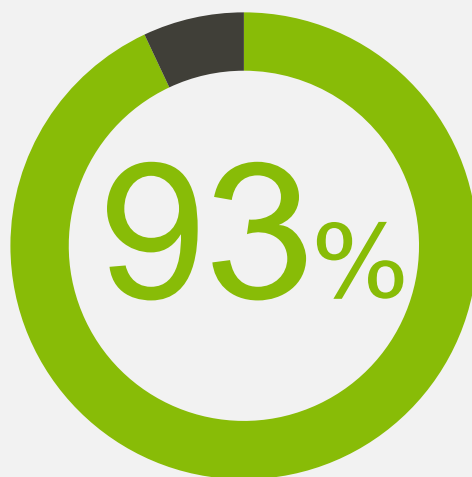
AutoSense OS 6.0

First impressions count



Sound Quality from the first fit - in clinic and at home

In clinic



consumer satisfaction from the very first fit compared to a leading competitor¹

At home

21%
less
fatigue²

45%
less
effort³

1. Stewart, E., Adler, M., Seitz-Paquette, K., "Adaptive Phonak Digital (APD) 3.0 is the preferred first fit compared to a leading competitor device". Phonak Field Study News in preparation expected August 2024

2. Latzel, M, Heeren, J and Lesimple, C. (2024) "Speech Enhancer reduces listening effort and fatigue." phonak Field Study News retrieved from www.phonak.com/evidence

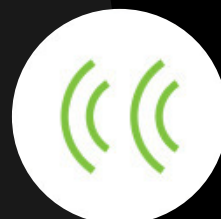
3. Habicht, J. & Schuepbach-Wolf, M. (2024). Speech Enhancer reduces subjective listening effort of speech by up to 45%. Phonak Field Study News retrieved from www.phonak.com/evidence

Infinio

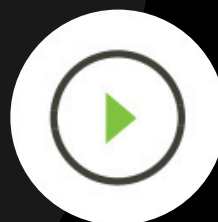
**Market leading
connectivity
takes a giant leap
forward**



Universal connectivity



Stable, smart, effective



Ultra-responsive

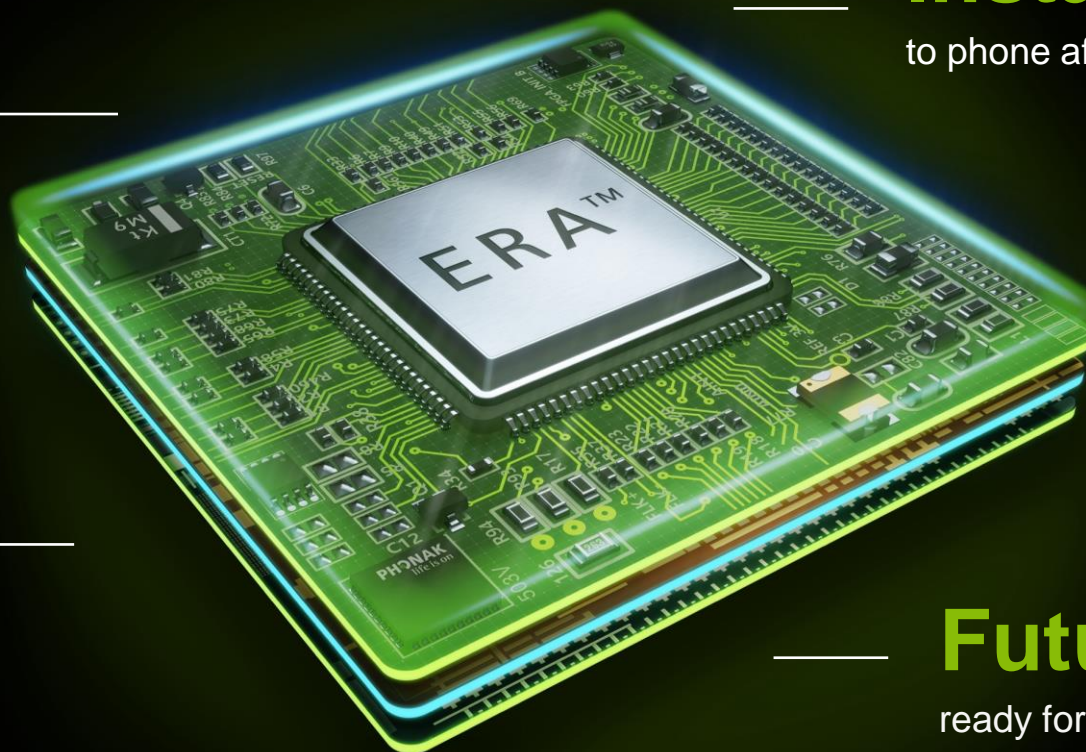
Ultra-responsive

6x transmission power

More stable connections

Universal Connectivity

for instant compatibility with all
Bluetooth® -enabled devices



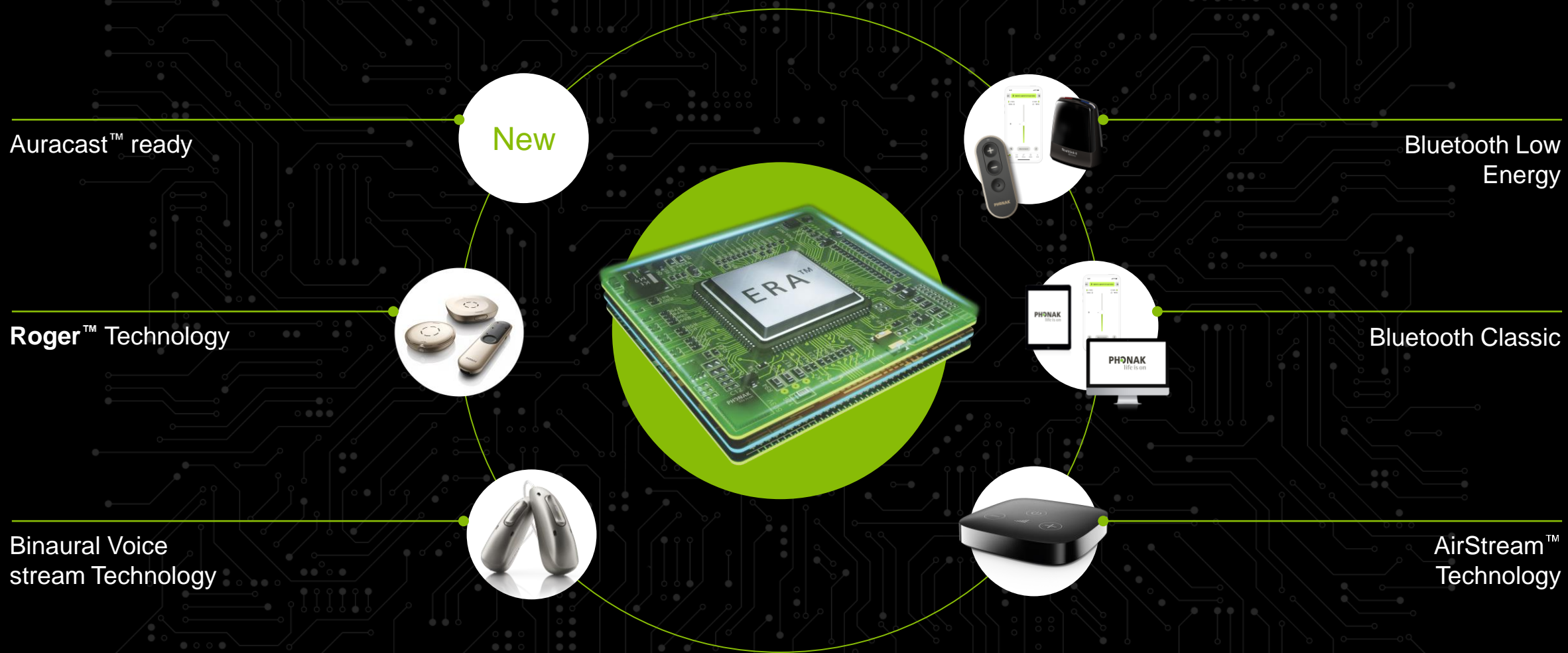
Instant connectivity

to phone after booting the hearing aids

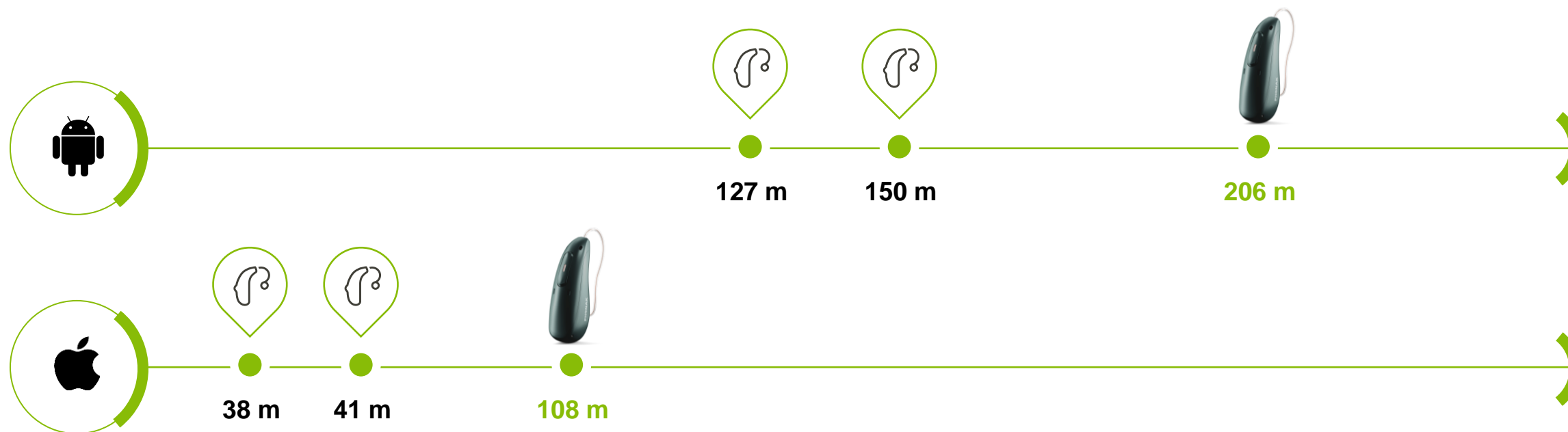
Future ready


ready for future compatibility with Auracast™

A true multitalent



Connection stability – Receiving distance from phone call to hearing aids



 Competitor A&B



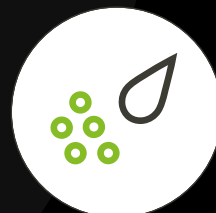
**Tested.
Reliable.
Proven. Swiss
engineering
at its best**



Ecosystem



Design



Testing

Importance of reliability for hearing Care professionals



Infinio RICs are
our **3rd generation**
of RIC products
that incorporate our
'Life' technology

Now offered as
standard in Infinio

Tested beyond IP68 for peace of mind

10,000

hours and

135*

individual tests
ensure durability



Infinio

**Personalized
for you and
your clients**



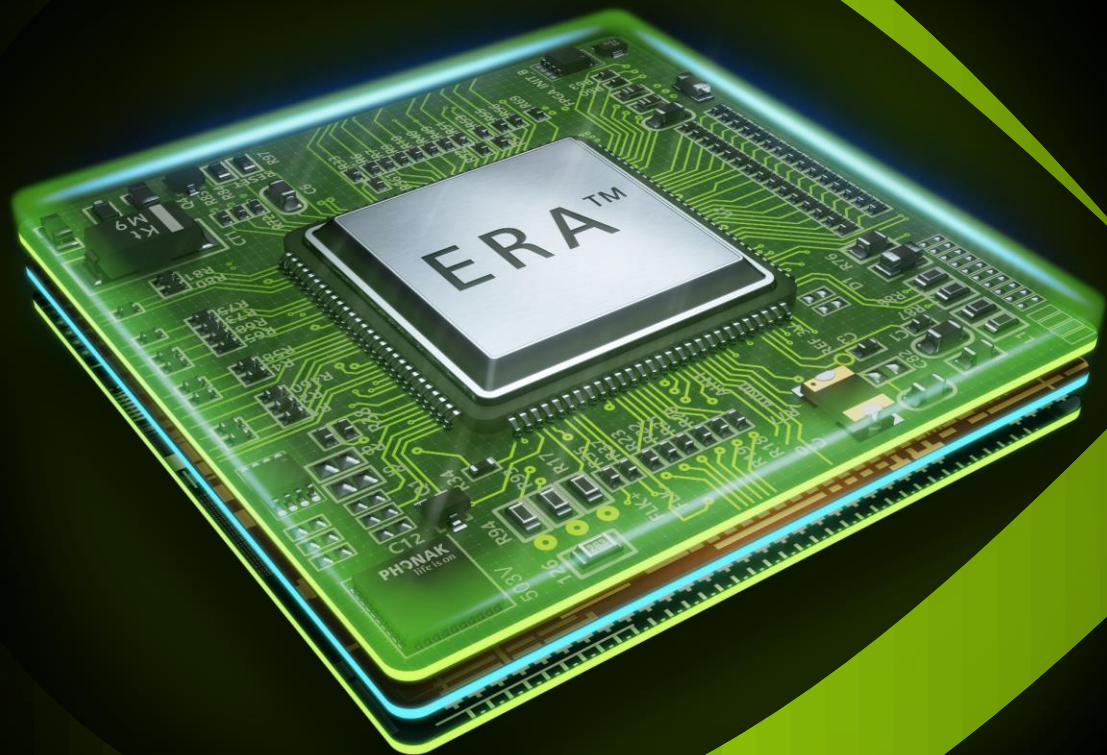
AI Dome Proposer



Acoustic Optimized Vent



Biometric Calibration



**Exceptional sound
quality from the
first moment.**



**Market leading
connectivity takes a
giant leap forward**



**Tested.
Reliable.
Proven. Swiss
engineering at
its best.**



**Personalized
for you and
your clients.**



93% satisfaction from
first fit (vs. key
competitor)



Stable.
Fast.
Effective.



Ready for life.
coating technology

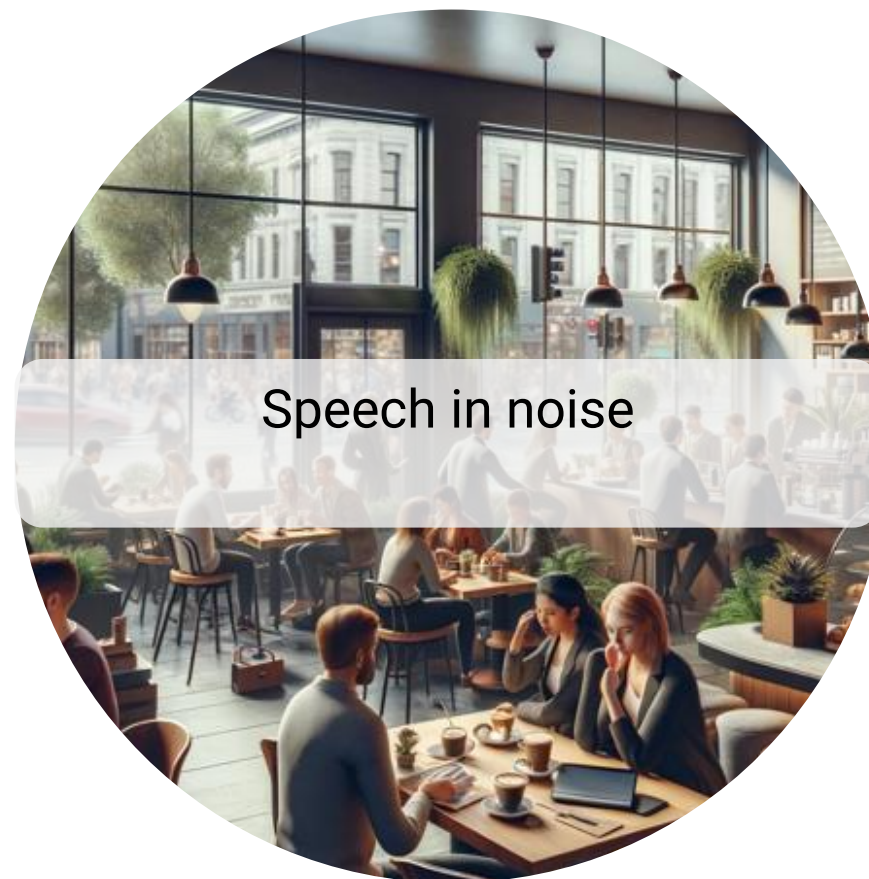


Unique. Just like you.
directionality

The most important consumer need

“Speech clarity in background noise, hearing in challenging environments, like restaurants - this is where people still struggle most.”

US customer



Areas of innovation which drive true value for consumers

Enjoy the delight of hearing and live a life without limitations



Hearing performance



Sound quality



Speech in noise

Ease of use



Connectivity

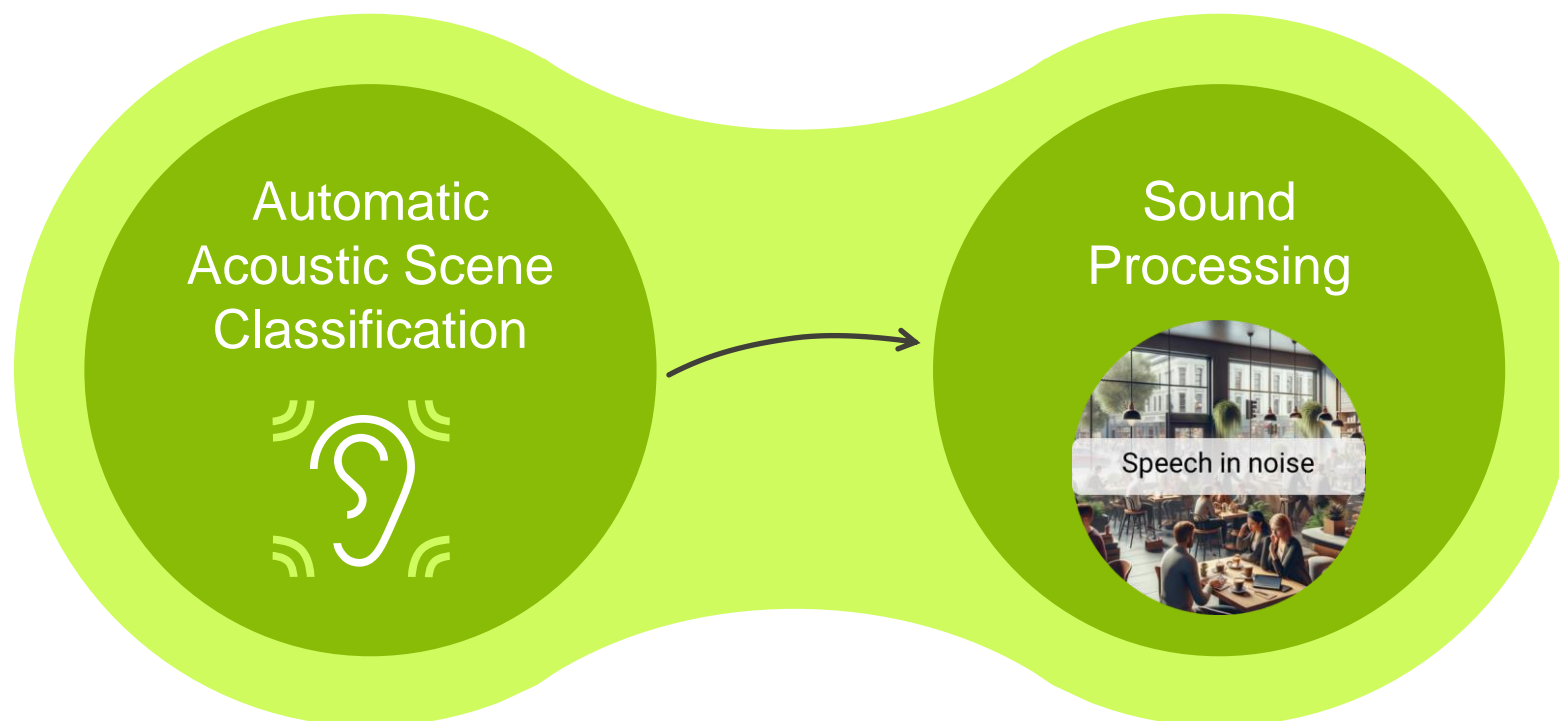


Reliability

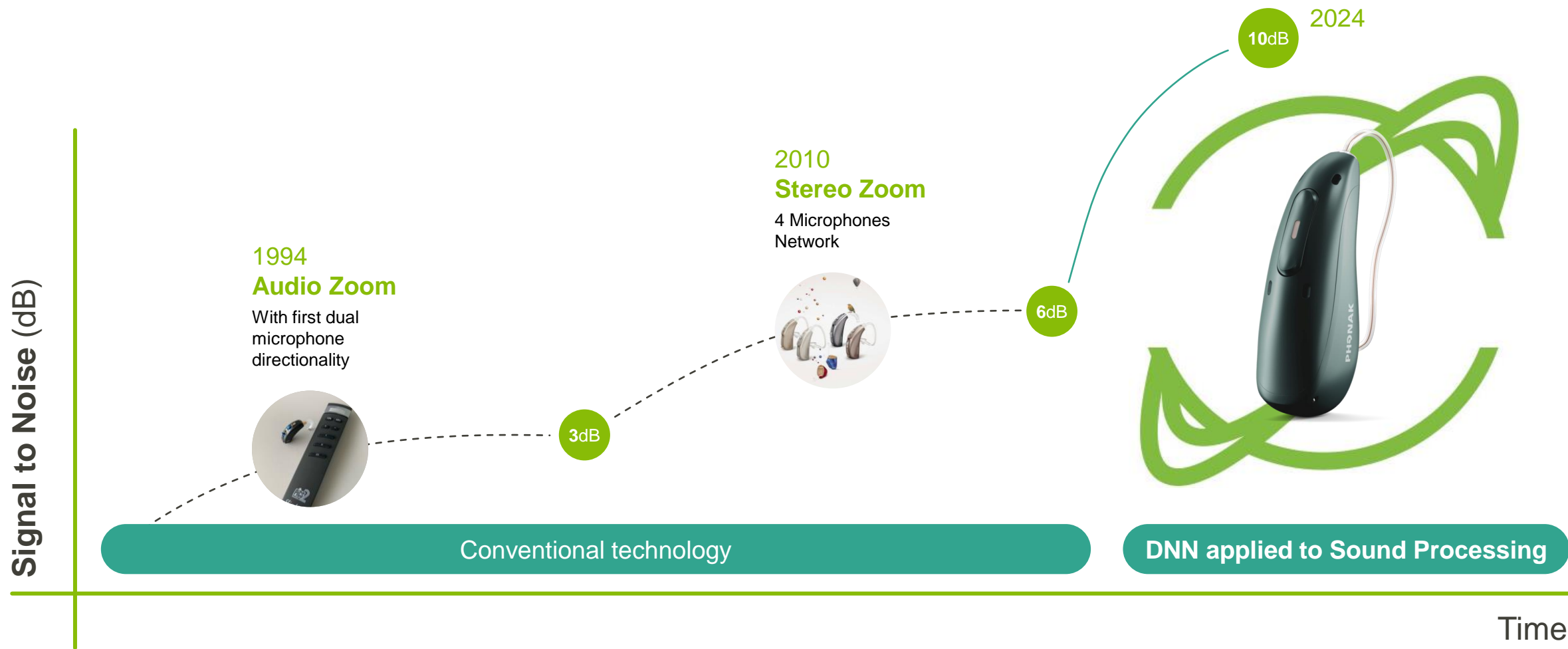


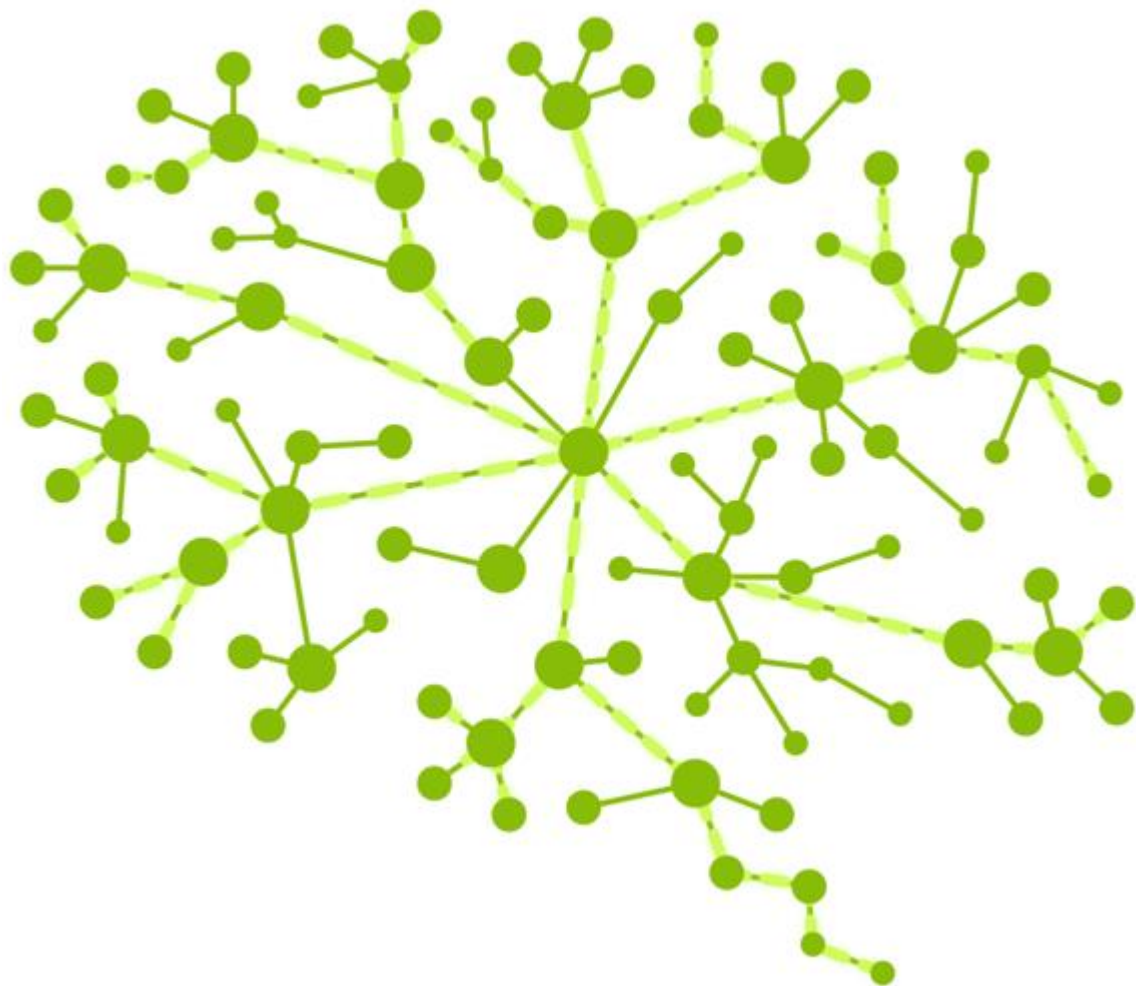
Personalization

The role of AI and DNN in our pursuit of the most important user need



Step change on our pursuit of the #1 consumer need





10x

Neural Connections

21x

Memory Capacity

4x

Power Efficiency

53x

Processing Power

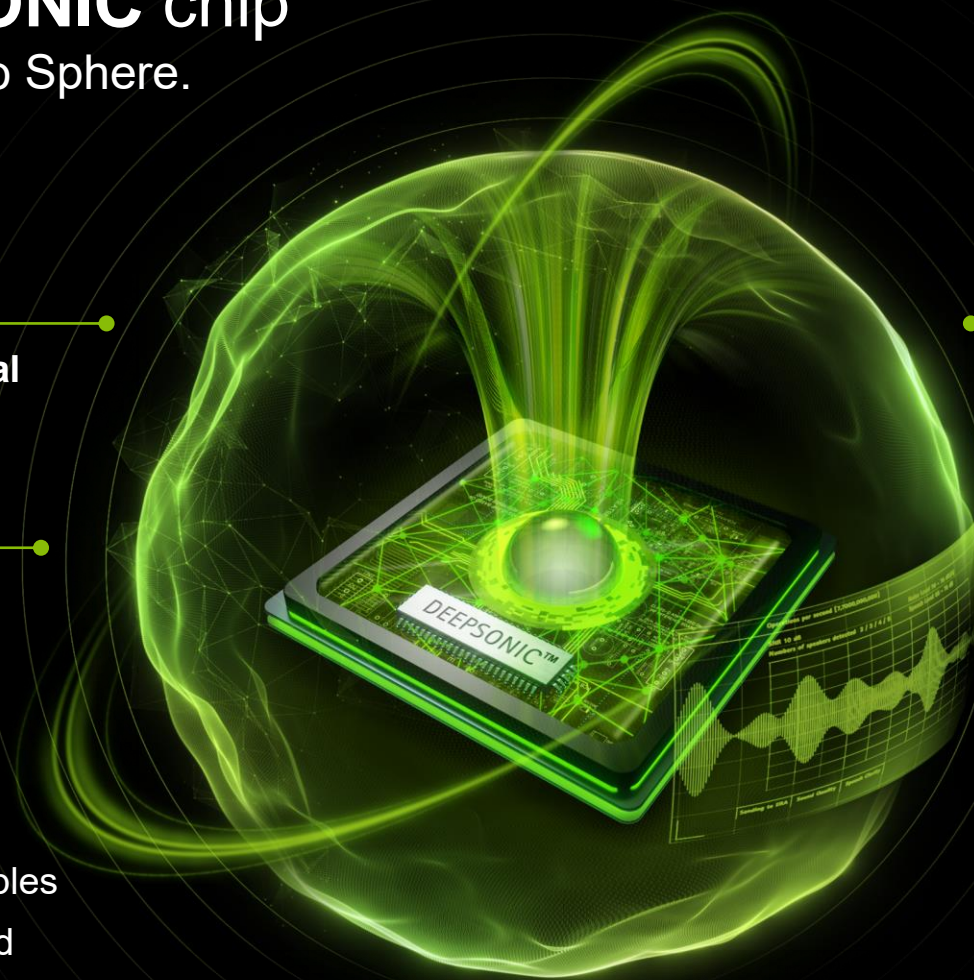
Introducing **DEEPSONIC** chip

Exclusively available in Audéo Sphere.

A dedicated real-time AI/Deep Neural Network (AI/DNN) **DEEPSONIC** chip

4.5 M Neural connections

- 53x more processing power
- Trained with 22 million sound samples
- 7'700 Million operations per second



Spheric Speech Clarity – expands the access to speech to any direction.

Significantly reduced listening effort in a challenging environment with **Spheric Speech Clarity**.



Spheric

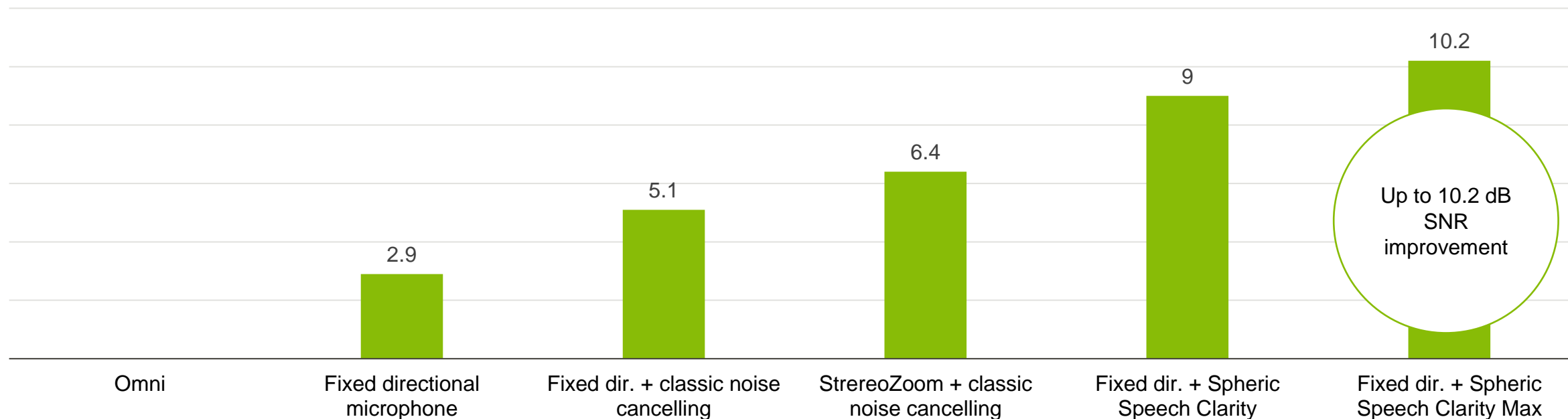
Speech Clarity

10dB SNR!

2-3 more likely to understand

Progression of technology advancements

SII-weighted SNR improvement (dB)

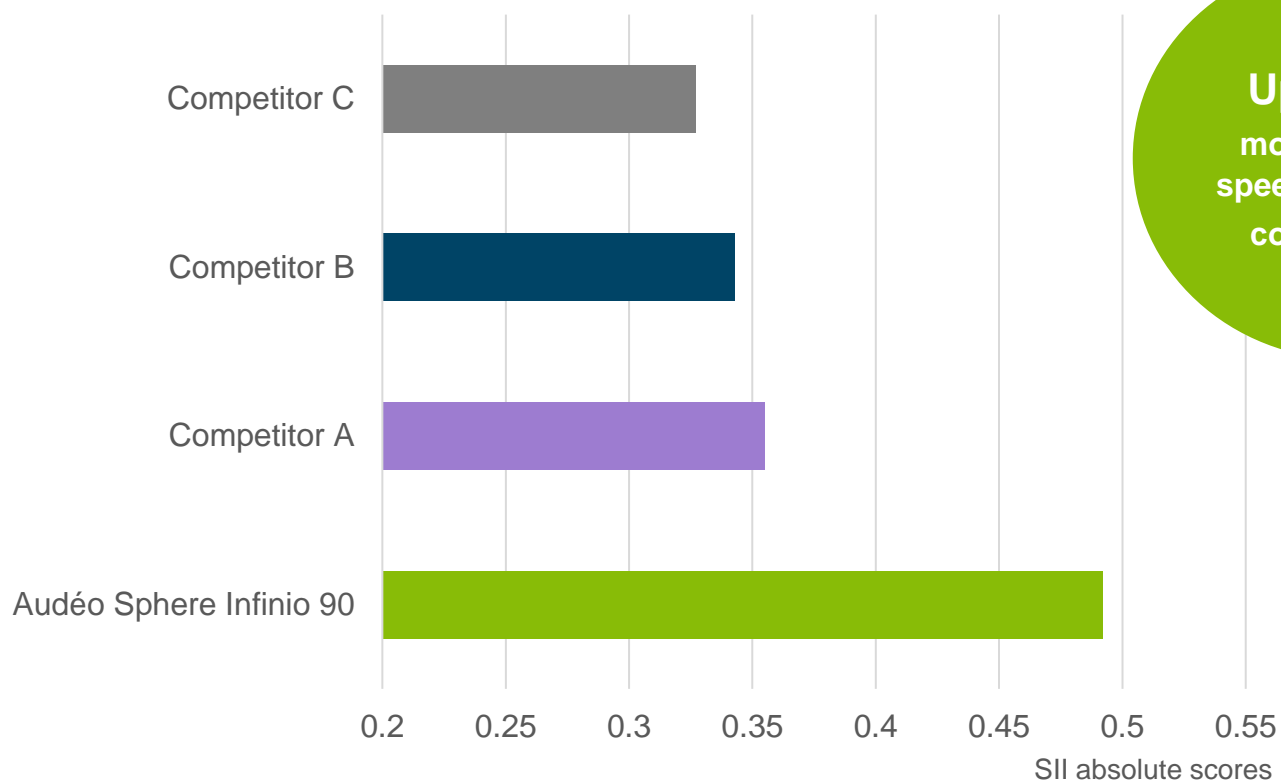


Rauffer, S., Kohlhauer, P., Jehle, F., Kühnel, V., Preuss, M., Hobi, S. (2024). Spheric Speech Clarity proven to outperform three key competitors for clear speech in noise. Phonak Field Study News. <https://www.phonak.com/evidence>

* (according to SII (ANSI S3.5, 1997))

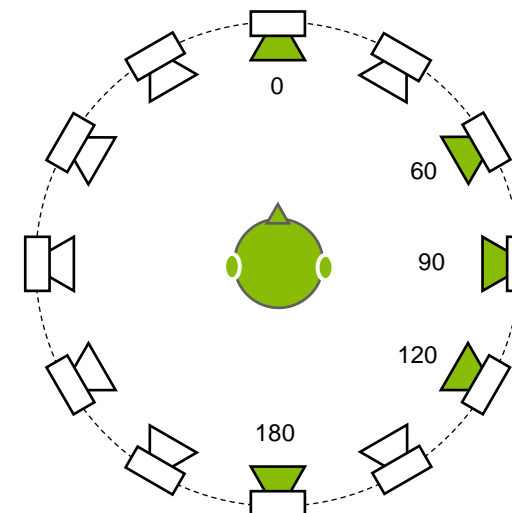
Audéo Sphere Infinio is a step change in speech intelligibility

Speech understanding vs leading competitors



Up to 50%
more access to
speech cues than
competitors*

Audéo Sphere Infinio provides access to speech cues from any direction



* Rauffer, S., Kohlhauer, P., Jehle, F., Kühnel, V., Preuss, M., Hobi, S. (2024). Spheric Speech Clarity proven to outperform three key competitors for clear speech in noise. Phonak Field Study News available at <https://www.phonak.com/evidence>
* (according to SII (ANSI S3.5, 1997))

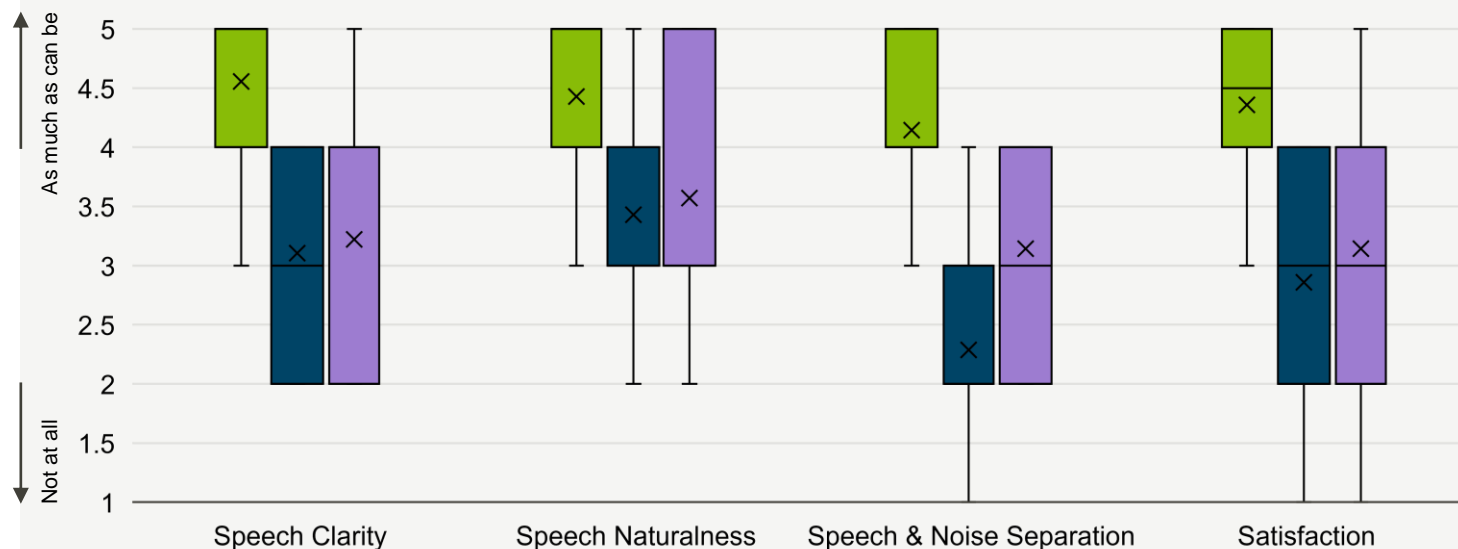
Sphere Infinio rated higher on subjective ratings

Subjects listened to simulated 2-person conversation

Rated for Sphere Infinio and two competitors:

- Speech clarity
- Speech Naturalness
- Speech and noise separation
- Overall satisfaction

Subjective Ratings (n=27)
Scale 1 – 5



■ Phonak Infinio Sphere ■ HA 1 ■ HA 2

Clinical study benefits with Spheric Speech Clarity

2-3x

More likely to understanding every word, from any direction, compared to two leading competitors.



2x

More likely to understand speech from any direction with Spheric Speech Clarity*

Compared to without

* Wright, A., et al "Spheric Speech Clarity applies DNN signal processing to significantly improve speech understanding from any direction and reduce the listening effort ."

Phonak Field Study News in preparation expected August 2024

Infinio



93% consumers preferred APD 3.0 compared to leading competitor device

45% reduced listening effort and 21% less fatigue



Uninterrupted handsfree calls and streaming across up to 2x the distance

Auracast™ and Bluetooth LE Audio ready for today's and tomorrow's device



Tested. Reliable. Proven. Swiss engineering at its best.

10,000 hours of testing, over 135 tests.



Personalization for your clients with 1600 data points and up to 2dB more SNR for Infinio Virto



Unprecedented 10dB SNR improvement with Audéo Sphere

2x more likely to understand every word from any direction

Up to 36.7% increase in speech understanding compared to two leading competitor devices

Infinio

**Exceptional
sound quality
from the first
moment.**



**Connectivity
you can
count on.**



**Tested.
Reliable.
Proven. Swiss
engineering at
its best.**



**Personalized
for you and
your clients.**



**Clear speech from
any direction with
Spheric Speech
Clarity.**



Spectacular launch of our new Infinio portfolio and continue to raise awareness about hearing health

- Introduction of the new Infinio portfolio to **1'000 customers** during our event in Las Vegas, USA
- Exclusive introduction of the portfolio to **20+ industry journalists** and a **current reach of 100+ Million** and **overwhelmingly positive sentiment**
- **Launch broadcasted live to 40+ media stations**
- **12x higher reach and 2x engagement in social media and 5x website traffic** versus earlier launches
- **“AI is the "technological ingenuity" in Sonova's double launch of flagship Phonak Infinio hearing aids”**
(Peter WIX, Audiology Worldnews)



Customer Feedback from Launch Event at the Sphere in Las Vegas



98%

of HCPs think Phonak Infinio is going to **change the lives of their patients.**



97%

of the HCPs think Phonak Audéo Sphere has a **strong competitive advantage** over all other hearing aids in the market.



100%

of HCPs view Phonak Infinio represents a **significant leap forward** in innovation

Infinio



Audéo Sphere



Audéo R



CROS



Virto R



Virto Titanium



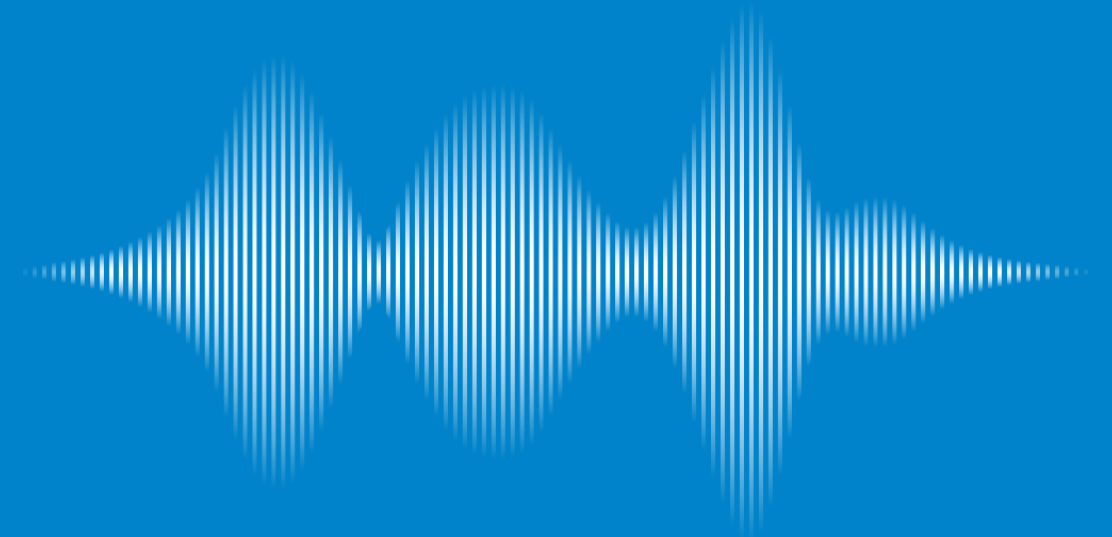
Virto 10

Broadest offering of products at launch to address variety of consumer needs

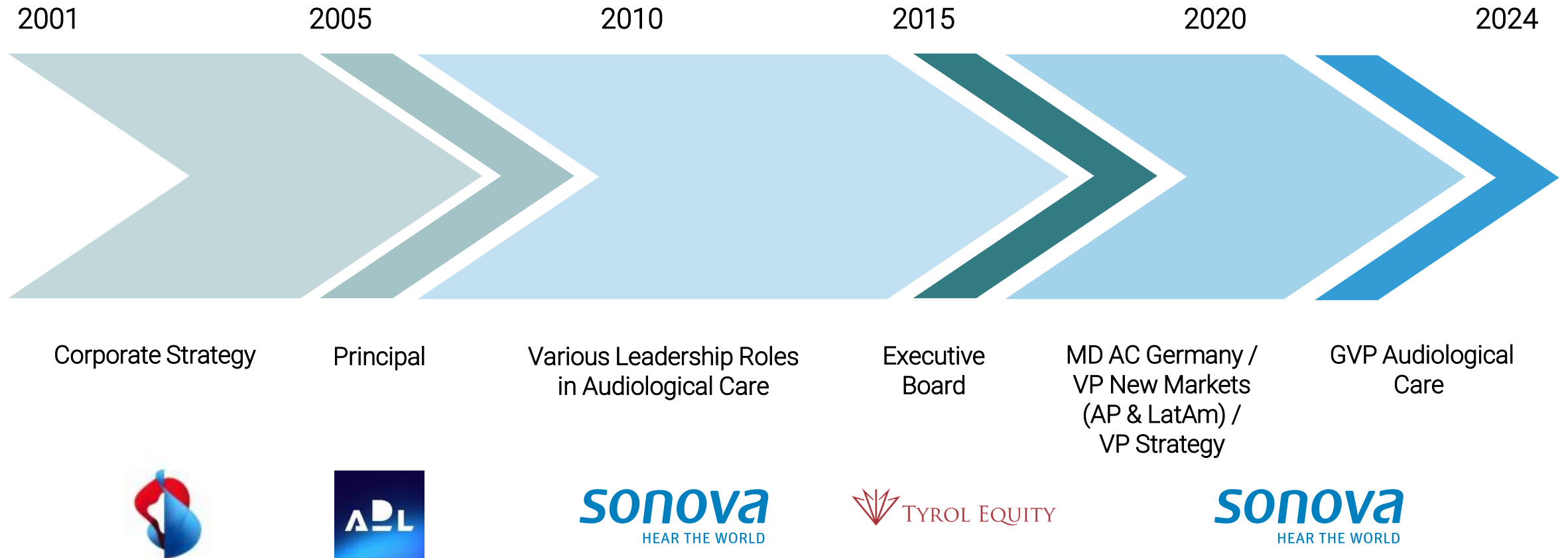
Broaden consumer access

Achieving AC excellence in Germany –A blueprint for global success

Oliver Lux, GVP Audiological Care



Global Vice President Audiological Care



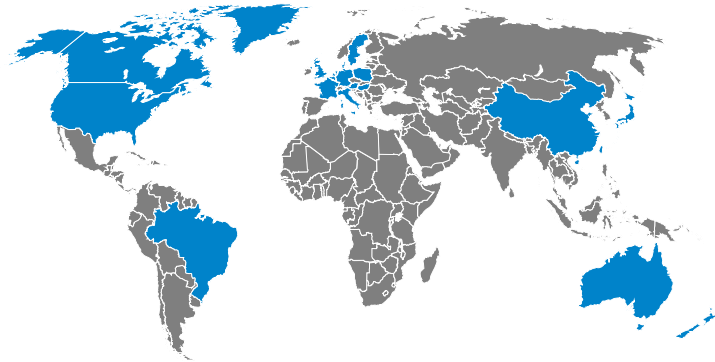
▶ Long track record with Sonova – Deep commercial AC expertise with focus on consumer needs

Audiological Care business

Over 3,700 points of sales with ~10,500 highly skilled employees and >6,000 HCPs

Global presence in 20 markets

- Sonova Audiological Care presence



- Global coverage through one of the largest store networks
- Best-in-class service and expertise with one of the most technologically-advanced solutions
- Serving customers through an omni-channel journey in clinics and digitally

▶ Global network with continued expansion strategy

Growing platform with strong local brands



- Targeted expansion of network through greenfield openings and M&A
- Strong local brands, increasingly harmonized

Hearing care trends

What are the big trends in the hearing care industry?

Customers

Demographics
growing number of people with hearing loss

Wellbeing and active lifestyle gaining importance



HCP's

Engaged audiologists crucial to drive growth

Need to **train** new and **retain** existing audiologists

Hearing care market

Differentiation possible through more **medical offering**

Cost effective lead generation becoming more important in competitive field

Retail brand awareness increasing in its importance

► Growing consumer base with hearing loss, audiologist scarcity and professionalizing retail capabilities

Audiological Care strategy

3 pillars to unlock value and create a global, most-trusted brand

Pinnacle audiology

Provide the best personalized audiology solutions for our customers

SonovaX – Create efficiencies

Continuous process and structural improvements to increase profitability and allow for investments into growth



Provide easy and convenient access

Customers all-day round accessibility to choosing when, where, by whom and how they receive our services

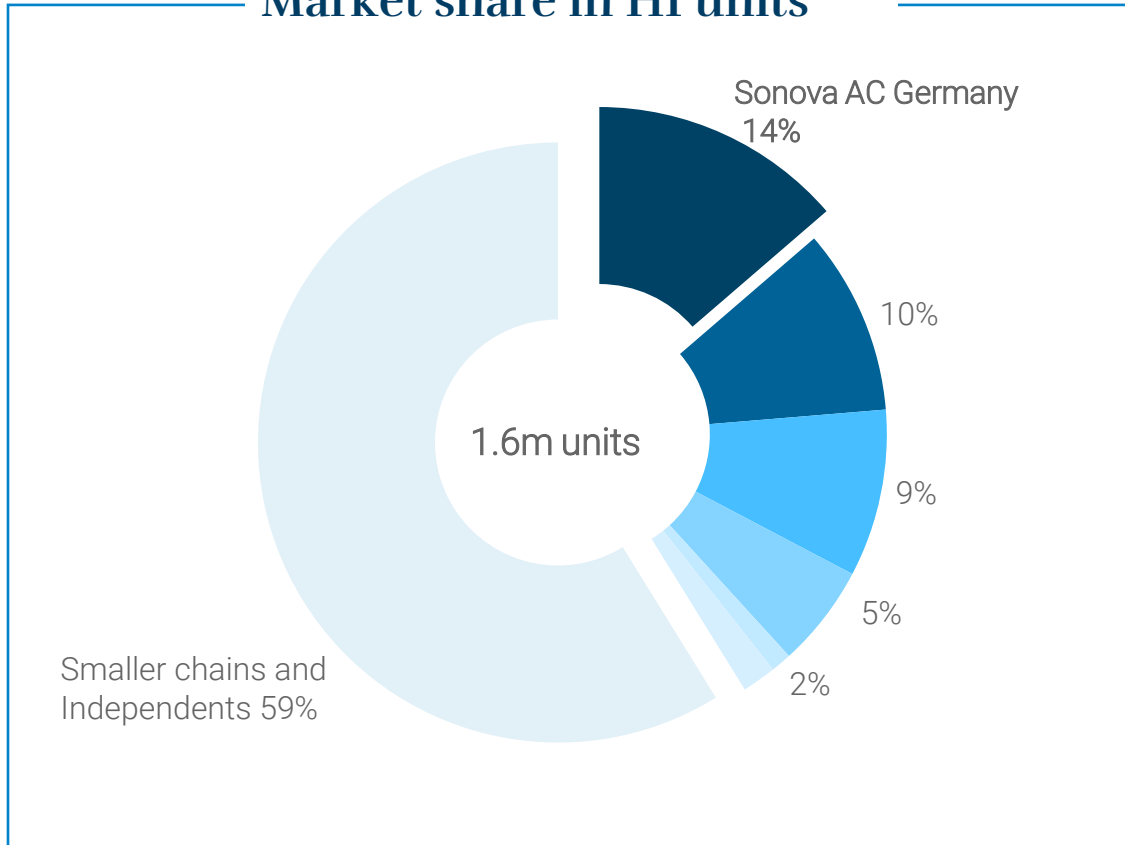
Enablers	Data Readiness
	Employer of Choice
	Social Responsibility and ESG

► Our AC strategy focused on driving market share gains and profitability growth

Germany – A must-win market for Sonova

Market share distribution and competitive environment

Market share in HI units*



Competitive environment



Highly regulated and reimbursed market



Comparatively low average selling price (ASP)



Market outlook of 2-5% unit growth p.a.



Competitive pressure from local as well as international chains



Currently low consumer confidence

* Total market size based on BVHI sell-in units, volume shares are based on own estimates, April 2024.

► Sonova has gained leadership position in last 5 years in this highly competitive market

GEERS - The power of branding

Rising to market leader

Brand consolidation

- Multiple acquisitions led to AC Germany operating under 17 different brands
- Merged to leverage one Brand
- GEERS Brand chosen due to scale and track record

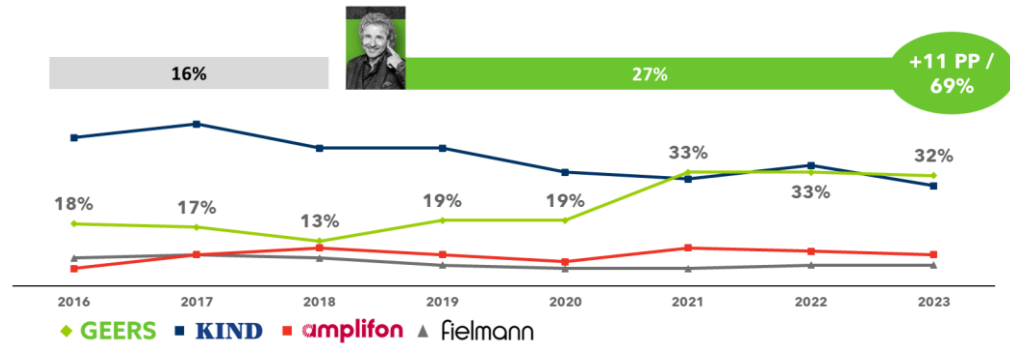


Impact

- Economies of scope and scale (ability to invest, i.e. ambassador, TV)
- Customer reach
- Brand awareness

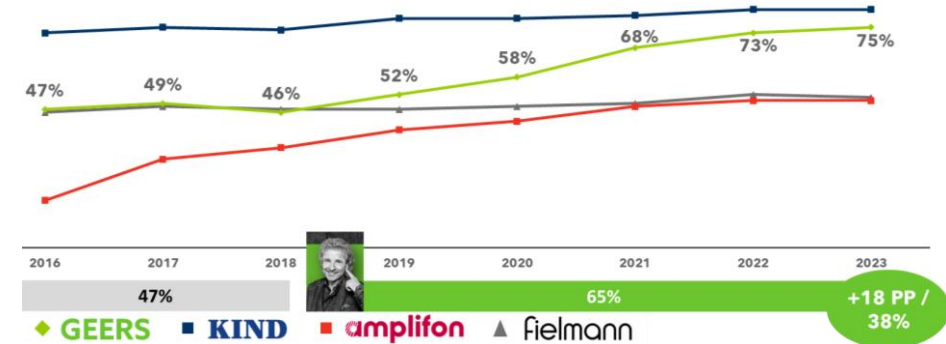


Aided ad recall



Source: Markencontrolling Gruppe Nymphenburg Consult AG: Brand Funnel KPI

Aided brand awareness



Source: Markencontrolling Gruppe Nymphenburg Consult AG: Brand Funnel KPI

► From 17 brands to one – Generating economies of scope and scale

Digital lead generation

Dedicated in-house digital lead generation, qualification & conversion capability as part of the global omnichannel proposition

Lead Generation Factory –
Digital Center of Excellence in Berlin

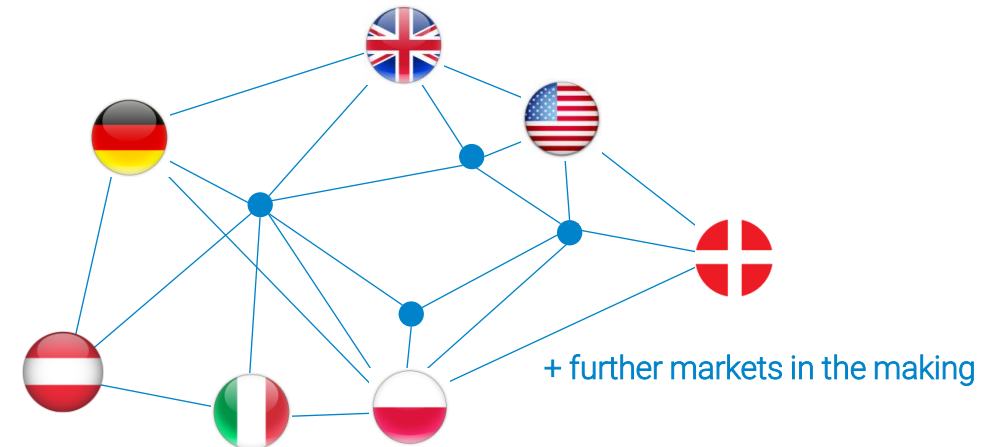


Mission

- In-house digital platform for online lead generation, qualification and conversion
- Continuous improvement of cost per lead, conversion rates and customer lifetime value
- Building up lead database and further enhance digital capabilities

Expansion

(Countries served so far)



► International expansion starting from German Hub supporting markets to accelerate lead generation

In-store excellence - Standardized store concept and design

Enabling the best hearing experience



- In-store sales process completely redesigned
- Unique selling proposition
- Customers gaining direct access and enjoy pinnacle Audiology



New customer journey success:

Customer

- + Transparent customer journey
- + Less appointments
- + Less time invested
- + Emotional and personalized experience



Stigma removed / lowered

Hearing Care Professional

- + Standardized workflow / replicability
- + Time savings / + more customers served per day
- + Fewer explanations / consistent results
- + Job satisfaction



Unique selling proposition

► New store concept & design as key enabler for pinnacle audiology – «the best hearing experience»

GEERS Academy

Gaining the skills and professional qualification in Audiology

Career Development

- 120 Trainees & 70 Meister HCP per year (# growing steadily YOY)
- 50 Hearing care advisors
- Development paths for specialists and management careers

Competence Development

- Over 80 different courses at GEERS Academy – >1,800 employees trained in FY 2023/24
- Expansion of training portfolios in ‘Audiology’, ‘Sales Academy’ and ‘Leadership’
- Further access with ‘LinkedIn Learning’



Talent Management

- Frequent feedback culture
- Early talent identification
- Targeted development plans internationally

Leadership Development

- Development programs for shop and district managers
- Leadership principles

▶ Train, enable and retain our audiologists – More than 500 HCP’s trained in FY2023/24 globally

Employee engagement

Driven by knowledge and passion



► High employee satisfaction and engagement key factor to gain customer loyalty and HCP availability

Priorities we set to attain market leadership

Key priorities that helped us generate value in Germany

Excellence in governance and leadership



- ✓ Sonova X (i.e. Standard work and Daily management)
- ✓ Focus on big impact initiatives

Customer engagement

- ✓ Brand and customer reach
- ✓ In-store excellence (store concept) and customer lifetime value
- ✓ Consumer Access (incl. funnel management and A&P improvement)



Growth initiatives



- ✓ Network Expansion (bolt-ons & greenfield)
- ✓ Omni-channel customer journey & in-store execution
- ✓ Product and Pricing

The best team wins

- ✓ GEERS Academy
- ✓ Strong improvements in employee retention (r)VTO
- ✓ Employee Engagement



► Focus on big levers, ensure consistent execution and continuously improve along the journey

Key Takeaways

Continued improvement across the entire Audiological Care business

- Build a **global business** and **harmonize brands** and positioning
- Engage our employees and **attract, train and retain the best audiologists**
- **Provide pinnacle audiology** in innovative store concepts with a superior customer experience
- **Leverage data** to generate leads and continuously improve our service
- **Increase productivity and profitability**, applying our Sonova X principles
- Further **strengthen organic growth supported** by accretive M&A

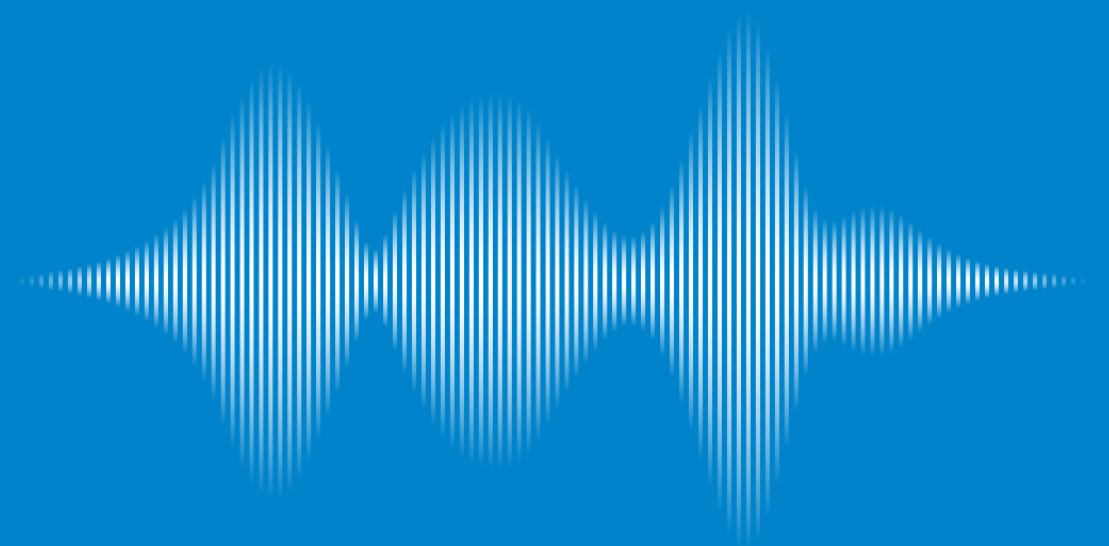
► **Driving market share gains and profitable growth**



Sonova eXcellence

Unlocking hidden value through Sonova X

Arnd Kaldowski, Chief Executive Officer
Ludger Althoff, GVP Operations
Lilika Beck, GVP Consumer Hearing



Introduction

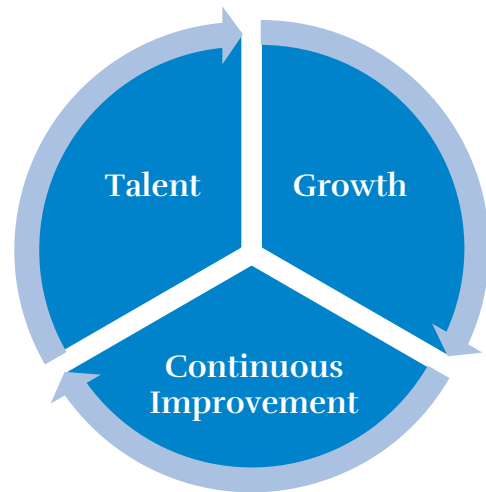
Unlocking hidden value through Sonova X

- Process improvements **offer a broad range of opportunities** for value creation, like
 - Customer satisfaction (e.g. through reliability)
 - Sales growth (e.g. through lead conversion)
 - Efficiency (e.g. labor productivity)
- **Our excellence system includes** process tools, effective KPI & action reviews – all systematically deployed
- **Our key success factors are** high engagement on all levels, dedicated tool experts and broad organizational management
- The **Sonova eXcellence system** was introduced in 2019 and is growing ever since in scope and impact
- Ultimately, we utilize Sonova X to **drive progress in customer satisfaction, our P&L and our balance sheet**



The Sonova eXcellence system

Sonova's structured approach to generate value through process improvements



sonovaX

Common language, standardization and continuous improvement of processes, tools & measurements

- Clarity and alignment for the employee
- Reduction of process waste
- Efficiency in resource deployment



Excellence = Creating defensible competitive advantage

Examples:

- Customer satisfaction
- Market share gains
- Higher engagement
- Higher productivity
- Lower use of capital (inventory)

▶ Continuously improving = Small, daily steps leading to large impact

Sonova's continuous improvement journey

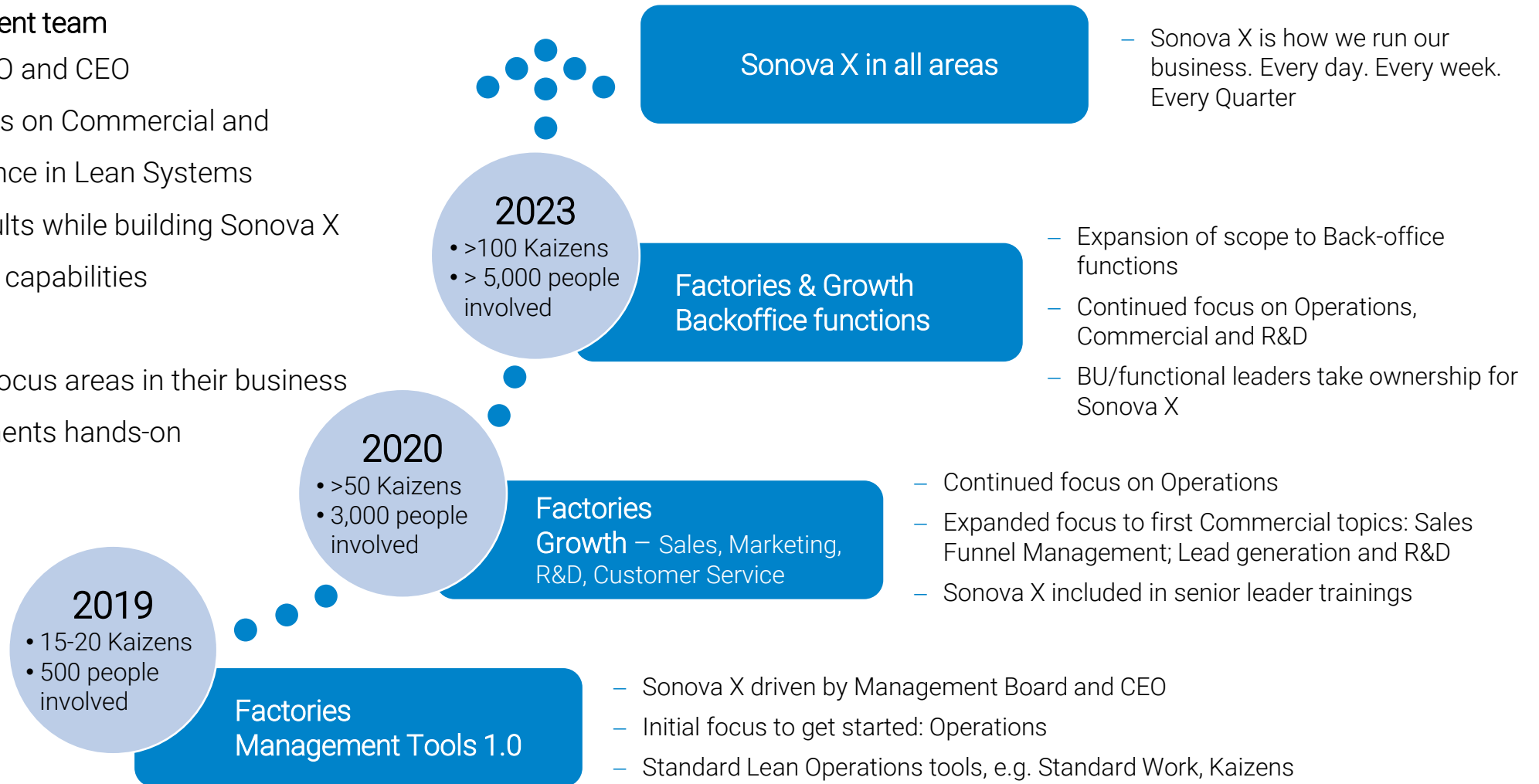
Unlocking hidden value since 2019

Continuous improvement team

- Championed by COO and CEO
- 40 dedicated experts on Commercial and Operational Excellence in Lean Systems
- Support driving results while building Sonova X system, culture and capabilities

Local P&L leaders

- Actively chose the focus areas in their business and drive improvements hands-on

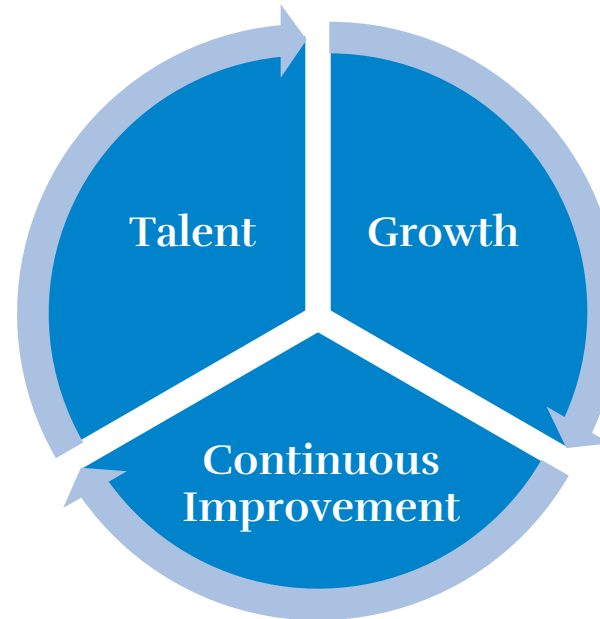


The Sonova eXcellence system

Excerpt of recent Sonova X achievements

Talent – key ingredient for sustainable success

- Internal job fill rate at 67%
- Voluntary attrition in stores reduced to <7%, down from >12% in FY2019/22
- +56% YoY improvement in time to hire leadership roles in FY2024/2



Growth – accelerating market share gains

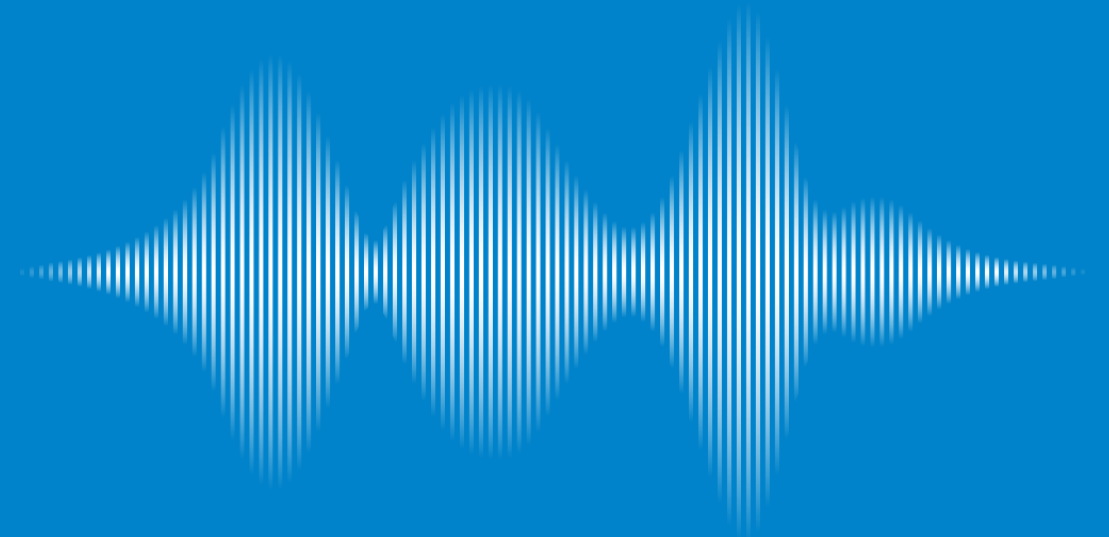
- Time for effective customer care in pilot stores improved by more than 10% over two years
- Predictability in product launches in CH Business from average delay of 3-4 months to on / ahead of time in last 2 years
- B2C conversion rate in Advanced Bionics increased by +10% YOY in FY2024/25

Continuous improvement – to drive quality and efficiency

- Average annual labor productivity >12% p.a.
- Trade payables improvement by 75% in last 3 years
- Service on time delivery from 81% (2023) to 92% (2024) (+11%)
On Time Delivery (OTTR) from 80% (2021) to 93% (2024) (+13%)

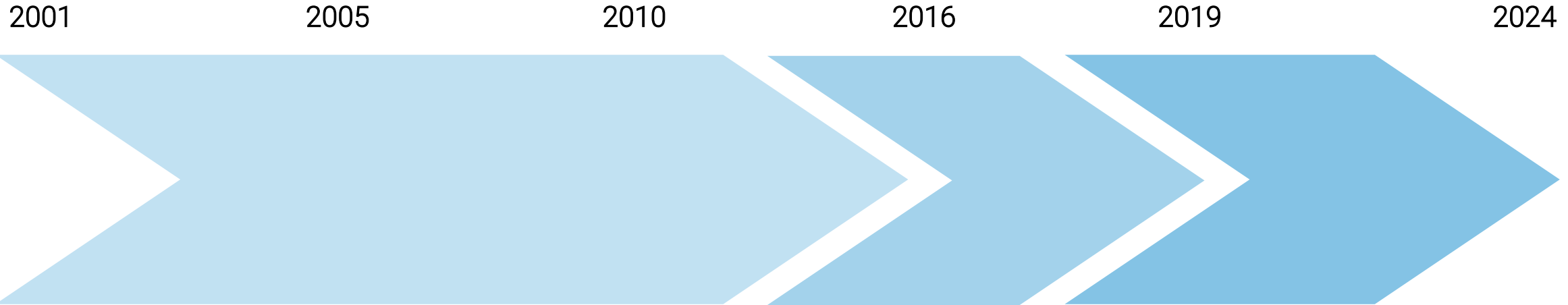
Sonova eXcellence
Continuous improvement in operations

Ludger Althoff, GVP Operations



Ludger Althoff

Global Vice President Operations



Various key operation leadership positions



VP Quality and Operations at ABB Power Grids



GVP Operations



► Operations DNA – 23 years in operations leadership positions

On time to customer request date (OTTR)

The importance of on time delivery

OTTR On Time To **CUSTOMER** Request is a delivery metric measuring the operations team ability to meet any customer requested delivery in any quantity at any point of time according to their requested date

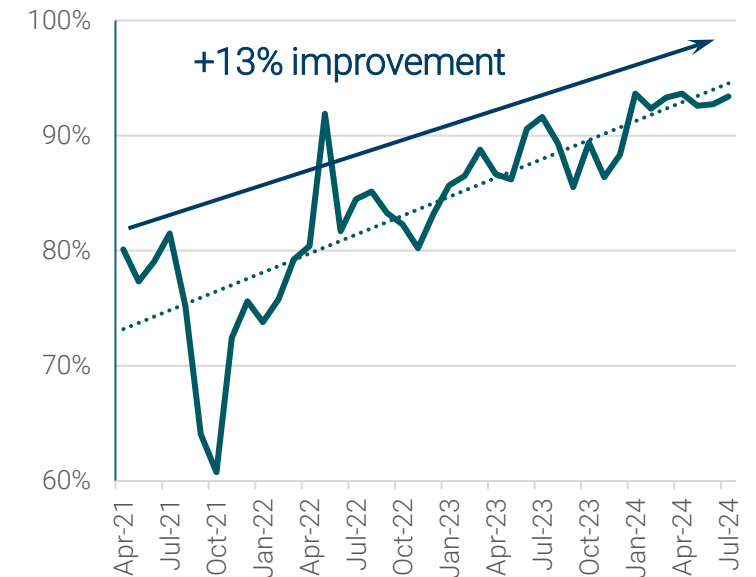
Relevance of timely deliveries

- On time delivery is a **crucial element** in the sales process for HCPs
- Delays lead to shifts in customer appointments – **rescheduling to be avoided** in all cases
- The goal is to enable HCPs to make best use of their time by **avoiding non-value add tasks**
- High service levels leading to **high customer acceptance** and engagement of HCPs
- High OTTR score is **highly correlated to Net Promoter Score (NPS)**

Key enablers for improvement

- ➔ **Plan for every part:** Inventory replenishment based on rigorous portfolio segmentation reflecting demand
- ➔ **Daily tracking of major KPIs:** Define and monitor leading and lagging indicators and take immediate action in case of deviations
- ➔ **Optimize replenishment:** Implement delivery methods and routes based on product segmentation from plan for every part

On time to customer request



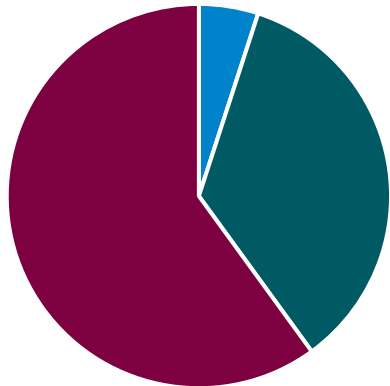
▶ Timely delivery crucial to the success of our customers – Significant improvement achieved

Productivity improvement

Structured approach to continuously improve productivity

Typical value-added structures within operations

Time spent by task category



1

Non-value add tasks:

Identify waste type, understand reason for performance of task

→ Find solution to eliminate the task

2

Non-value add but necessary

Often impossible not to perform, due to reporting and regulatory requirements,

→ Minimize or optimize the task

3

Value add tasks:

Keep unchanged unless performance is inconsistent

→ Optimize the task

Key enablers for improvement

- **“Go to Gemba”:**
Leadership to spend time where the value is created
- **Engage the ones closest to the actual process:**
Engage with the operators closest to the process
- **Leverage knowledge closest to value creation:**
Optimize processes with a fully engaged cross functional teams
- **Visualize the current and future state:**
Create intuitive future processes visualizing the improvements

Source: Center for Lean Excellence, 2024

▶ Non-value add tasks dominate the landscape at most companies – The goal is to identify and avoid them

Productivity gains at Sonova since 2019

GENERATE STABILITY WHILE DRIVING PRODUCTIVITY

Continue direct labor productivity – add back office & inventory productivity

2023/24: +14% productivity

- Wave 2A complete in factories & repair centers,
- First deployment of Sonova X in HR, Finance and IT, 100+ Kaizens completed, focus on supply chain optimization

2022/23: +10% productivity

- Strengthen continuous improvement leader knowledge; empower Kaizen leaders through knowledge sharing
- Best Factory Award, 120+ Kaizens completed globally

2021/22: +10% productivity

- Further expand focus areas: Environmental & safety Kaizen, customer service, inventory, warehouse/logistics.
- Strengthen Wave 2 (Standard Work, Kaizen, VSM, Pull and 5S/VM) 80+ Kaizens completed globally

FOUNDATIONAL PRODUCTIVITY

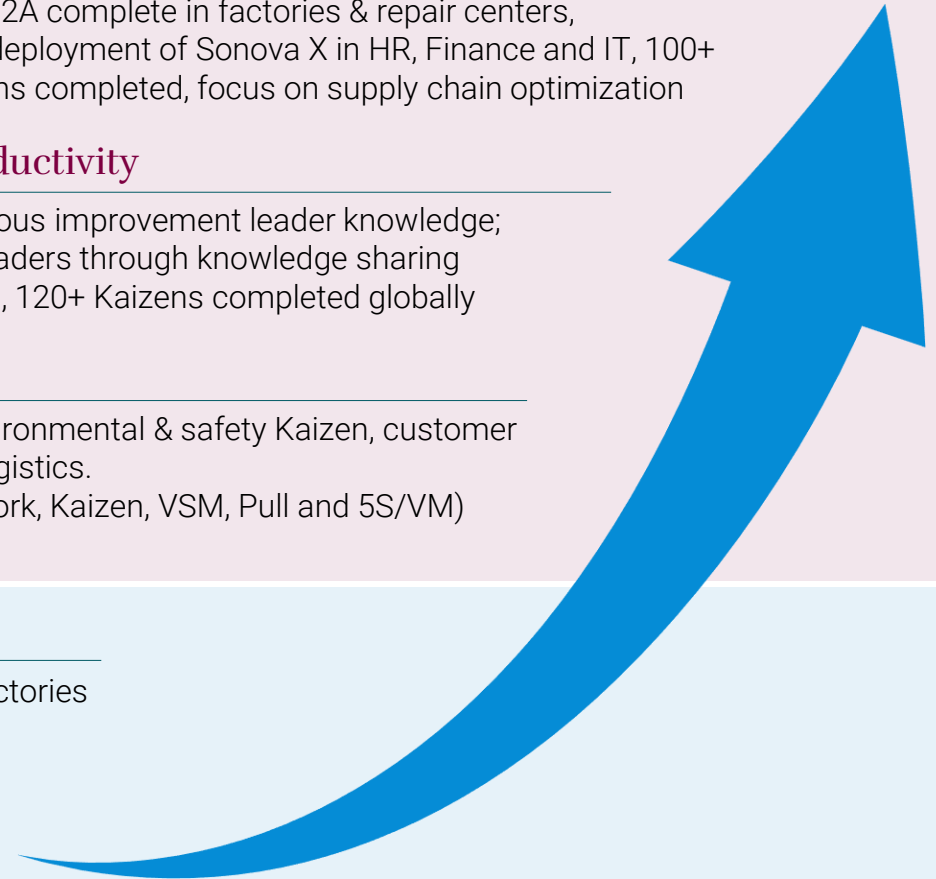
Management systems and direct labor productivity

2020/21: +14% productivity

- Start of wave 2 + full wave 1 deployment in all factories and Repair centers – 100+ Kaizens performed

2019/20: +10% productivity

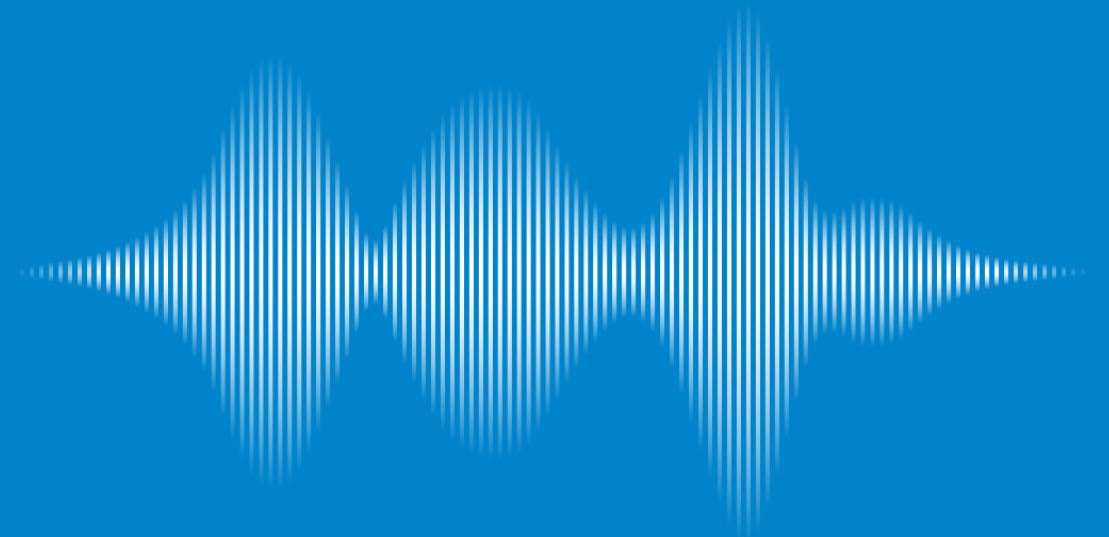
- Creation of Sonova X
- Wave 1 pilot locations: US, Vietnam, Switzerland



► Continuous improvement measures generating more than 10% labor productivity improvement every year

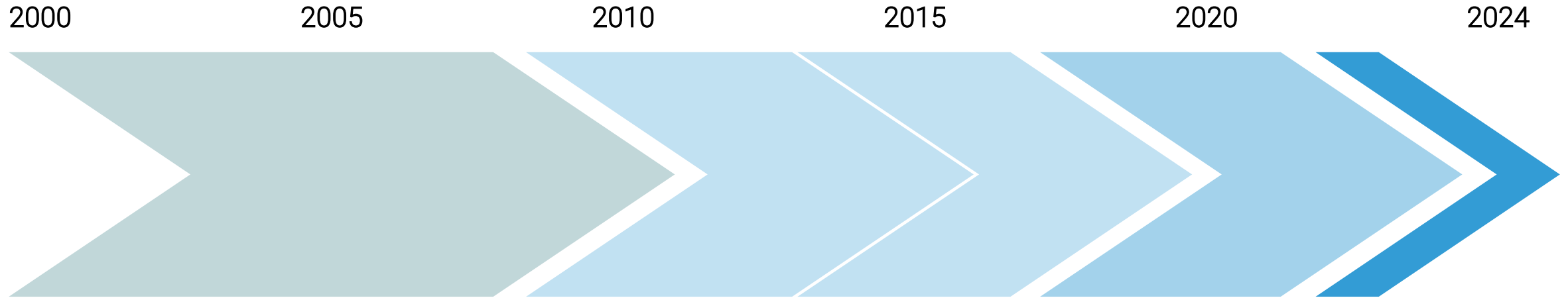
Sonova eXcellence Unlocking value through effective customer care

Lilika Beck, GVP Consumer Hearing



Lilika Beck

Global Vice President Consumer Hearing



Various Marketing & Sales functions

Country Director
Australia

Vice President
Global Marketing

Sonova Audiological Care
Managing Director Canada

GVP Consumer
Hearing

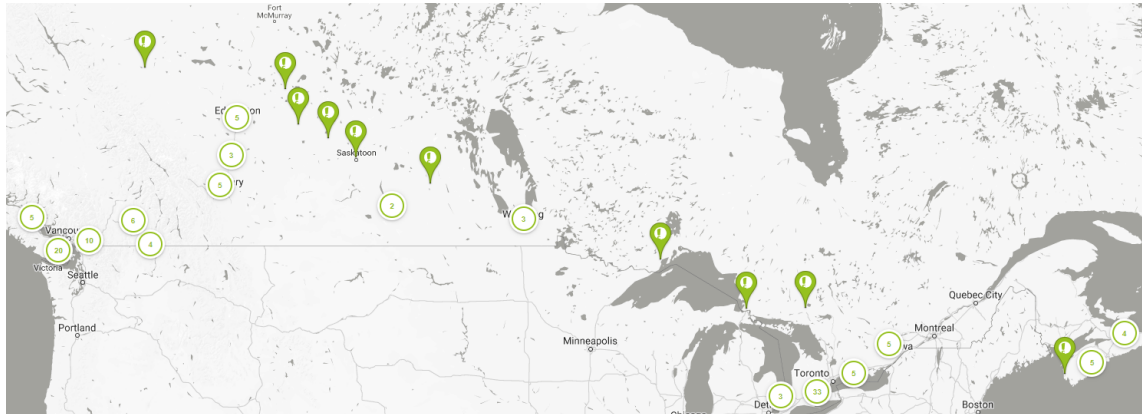


► Over fifteen years cross-functional and cross-geo experience across different Sonova businesses

Connect Hearing in Canada

Sonova presence and current market challenges

Connect Hearing 



Connect Hearing Canada - Facts and figures

- Part of the Sonova Group since 2018
- Over 175 POS across the country
- Among the top 3 providers of audiological care services in Canada

▶ Declining HCP capacity in a growing market represents a major challenge for growth

Market background

- Around 650k hearing instruments fitted annually
- Hearing aid penetration rate of around 25%
- About a 50/50 split between the private and public market
- Highly regulated industry, by region and profession
- Rapid market consolidation by key global players

Challenges

- ➔ Only 120 HCPs graduate annually and enter private practice, representing a 1% decline p.a.
- ➔ Highly competitive recruitment environment

Applying Sonova X to address capacity constraints

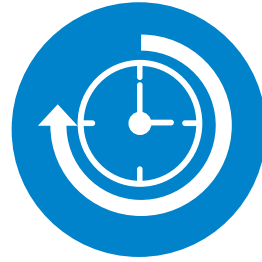
Developing a more effective clinic calendar model using Sonova X

Key initiatives deployed



1. Company standardized calendar

- Kaizen completed to create new clinic calendar design improvements
- Move away from HCP led calendar to centrally guided one
- Enable remote calendar management through contact center



2. Daily management

- Introduce real time data management tool with lagging and leading indicators
- Clinic staff and managers can view unused capacity and drive actions to improve



3. Targeted lead generation

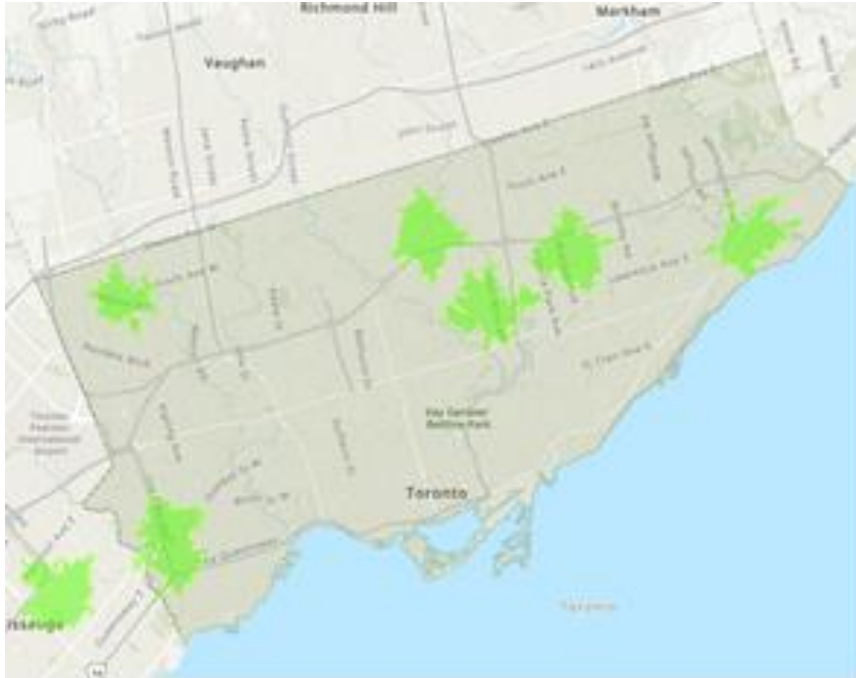
- Capacity by clinic view for marketing
- Enables agility in digital lead generation spend

▶ Effective calendar management is a key pillar in enabling growth

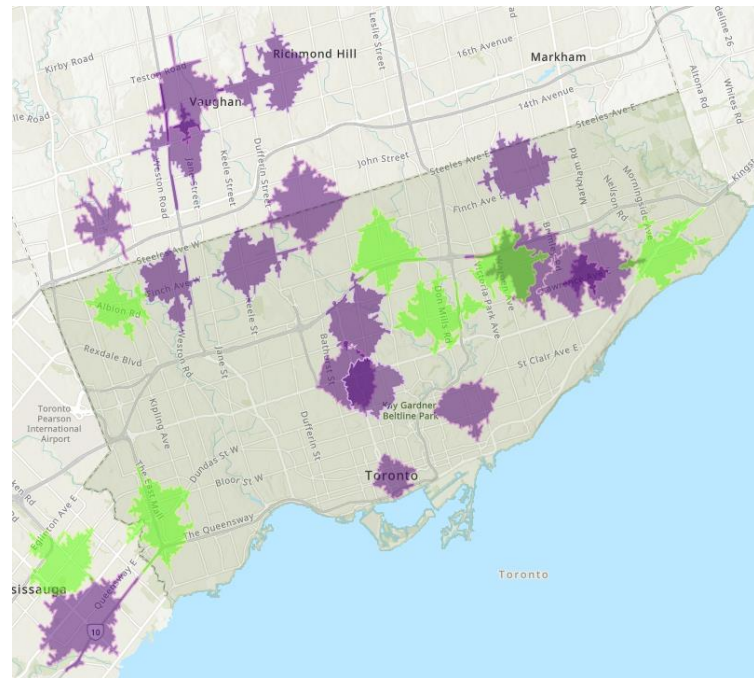
Targeted capacity expansion through M&A

Organic growth complemented with acquired capacity in growing, high value regions

2021



2024



- Historically we have a more prominent footprint in BC / West Coast which has a lagging market growth rate (~3%)
- Toronto, Ontario benefits from a higher market growth rate (>5%)
- Population growth: +0.93%, 12% higher than national average
- ASP +5% above national average

Targeted store expansion supported by detailed network planning

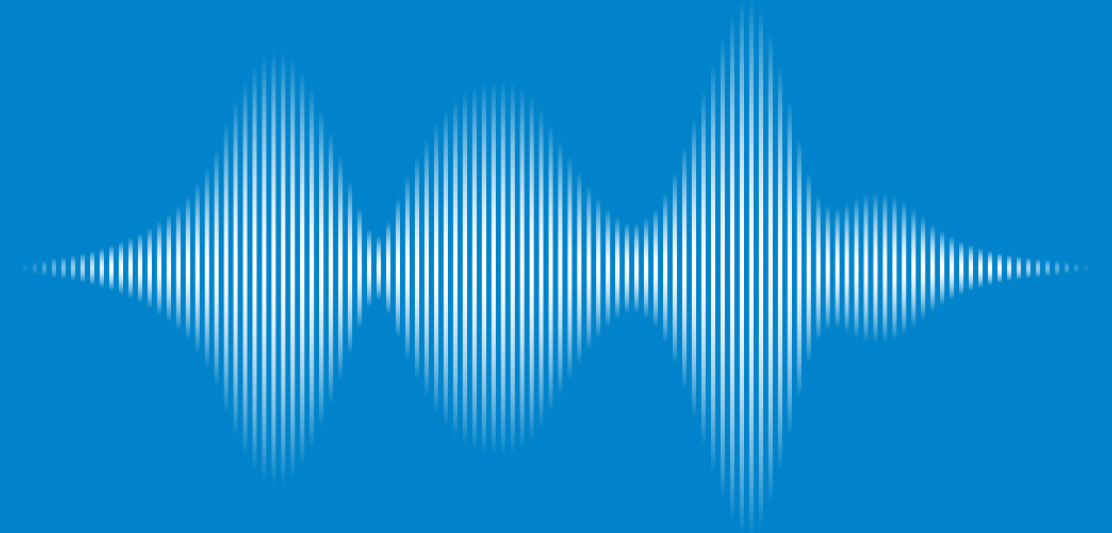
► Outcome: AC Canada has the fastest growing footprint in attractive Toronto market

Key achievements

- **Outpaced market growth** growing share to 10%
- **Best in class capacity management** leading to shorter appointment wait times for clients
- **Improvements in Average Selling Price** vs. industry average
- **Low regrettable voluntary turnover** of staff
- **High employee engagement** scores – certified as Top Employer by the institution 'Great Place to Work' in Canada



Summary and final Q&A



Sonova X summary

- **Sonova X established at Sonova** across all four businesses and all major functions
- The build-up of the system requires the right talent, the right mind-set/culture and participation **of all levels throughout the company**
- **Significant progress made** on process improvements in all businesses and functions, with significant measurable success in our core value drivers...
- ...but we still have **enormous potential** for future improvements



Key Takeaways

- Continuing to implement our proven strategy to **drive profitable growth**
- Consistently **delivering breakthrough innovation** based on true consumer needs
- Taking the next technology leap with **real-time AI sound processing**, opening a new chapter in speech enhancement
- Executing our broadest and most revolutionary platform launch ever with Infinio – **great initial market feedback**
- **Expanding consumer access** and driving excellence in our Audiological Care business
- Unlocking hidden value through **Sonova X** across all four businesses and all major functions

