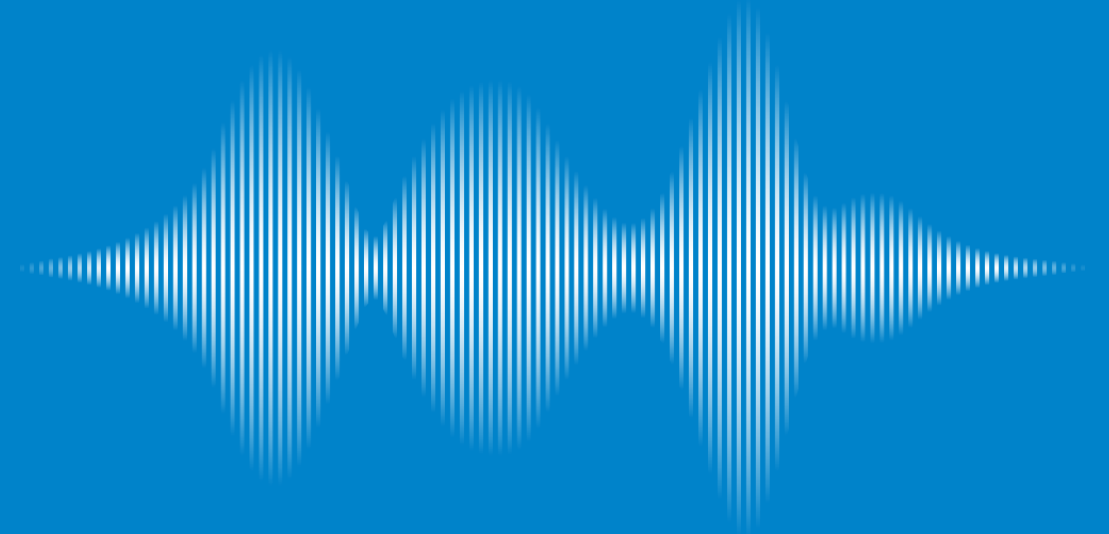


Investor & Analyst Day 2021

Stäfa, September 14, 2021



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Investor & Analyst Day 2021

Management team members presenting today



Arnd Kaldowski, CEO

Market and strategy update – Entering a new phase from a position of strength



Tom Lang, VP Hearing Instruments Portfolio & Product Management

Phonak Paradise 2.0 – Opening up the wonders of sound to even more consumers



Victoria E. Carr-Brendel, GVP Cochlear Implants

Naída Marvel CI – Bringing powerful connections to life



Christophe Fond, GVP Audiological Care

Audiological Care – Enriching the consumer journey through our omni-channel strategy



Martin Grieder, GVP Consumer Hearing business

Consumer Hearing – Expanding consumer reach and adding a new growth vector



Arnd Kaldowski, CEO & Ludger Althoff, GVP Operations

ESG – Positively affecting our consumers, employees and society

Investor & Analyst Day 2021

Agenda

13.30	Market and strategy update – Entering a new phase from a position of strength Arnd Kaldowski, CEO
14.00	Innovation leadership – Phonak Paradise 2.0 & Naída Marvel CI Tom Lang, VP Hearing Instruments Portfolio & Product Management & Victoria E. Carr-Brendel, GVP Cochlear Implants
14.30	Audiological Care – Enriching the consumer journey through our omni-channel strategy Christophe Fond, GVP Audiological Care
15.00	Short break
15.10	Consumer Hearing – Expanding consumer reach and adding a new growth vector Martin Grieder, GVP Consumer Hearing business
15.40	ESG - Positively affecting our consumers, employees and society Arnd Kaldowski, CEO & Ludger Althoff, GVP Operations
16.05	Summary and Q&A session
16.35	End of the event



Market and strategy update – Entering a new phase from a position of strength

Arnd Kaldowski, CEO
Stäfa, September 14, 2021

Reasons to invest in Sonova

ATTRACTIVE MARKET

- Attractive secular growth drivers
- Resilience to economic cycles
- Good penetration potential in both HI & CI
- Continued potential to innovate “Better Hearing”
- Opportunity to elevate hearing aids to become a “healthy living companion”

LEADING MARKET POSITION

- Leading positions in key market segments
- Advanced vertically integrated business model
- Broadest and most advanced product offering
- Global and differentiated distribution network



STRONG FINANCIALS

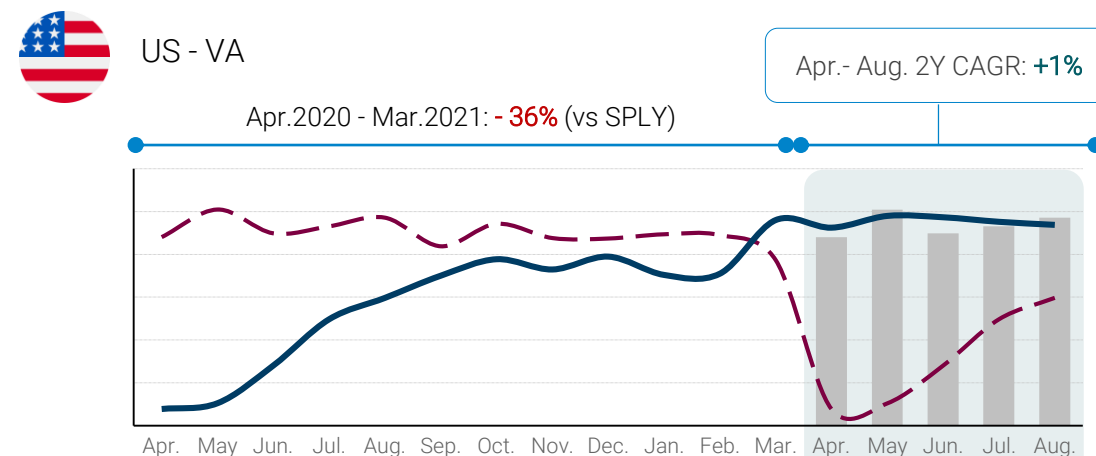
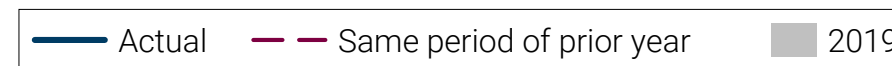
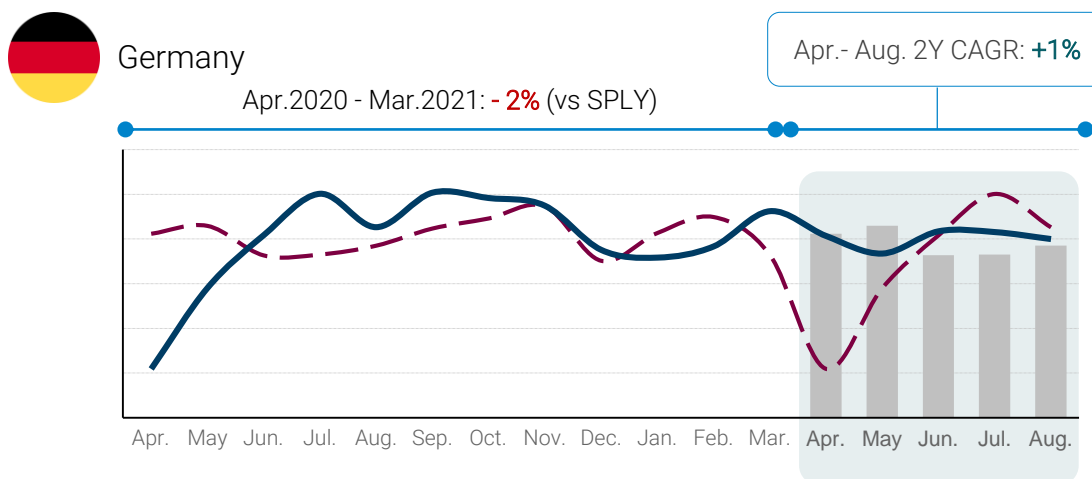
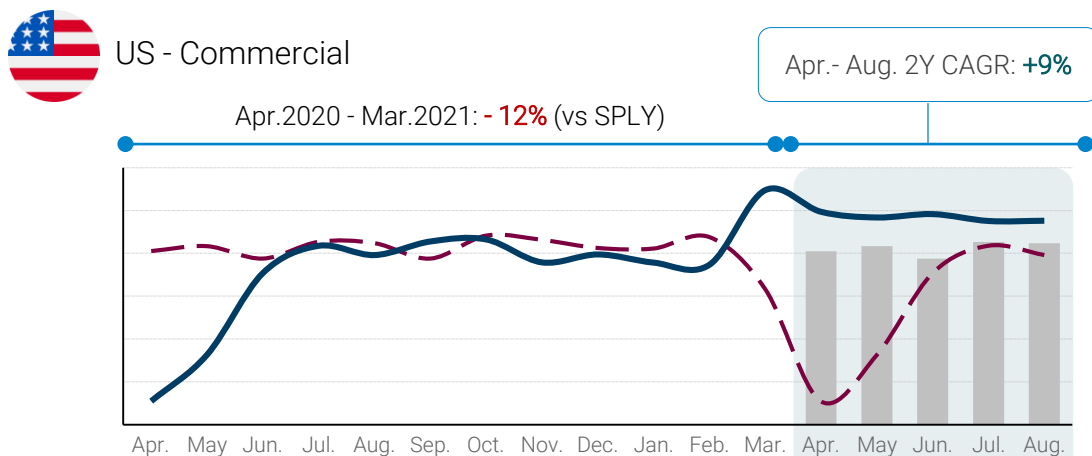
- Attractive margin with further upside
- Significant capacity for growth investments
- Strong balance sheet
- Solid free cash flow and low tax rate

Note: HI = Hearing Instruments; CI = Cochlear implants

► **Strong fundamentals and attractive growth potential fully intact**

Market update

Monthly unit market development and current trends



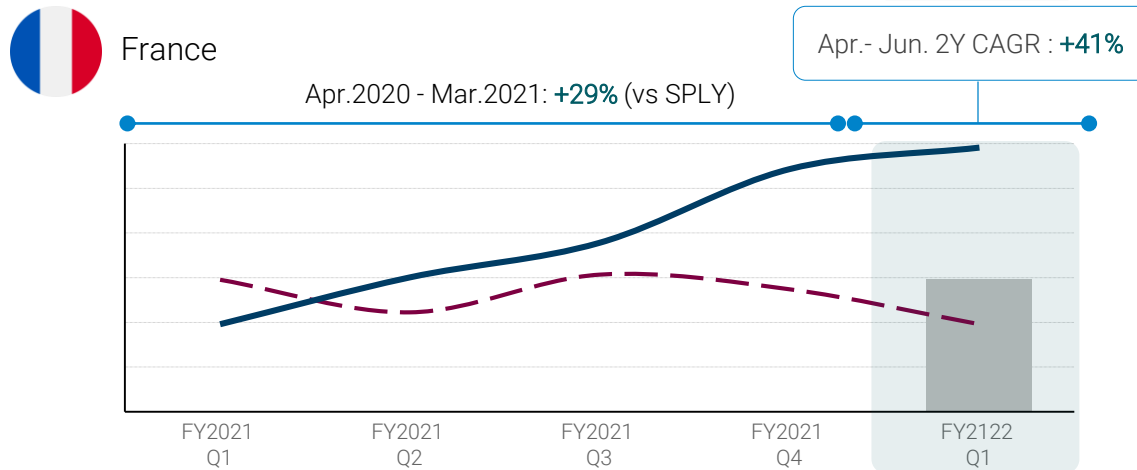
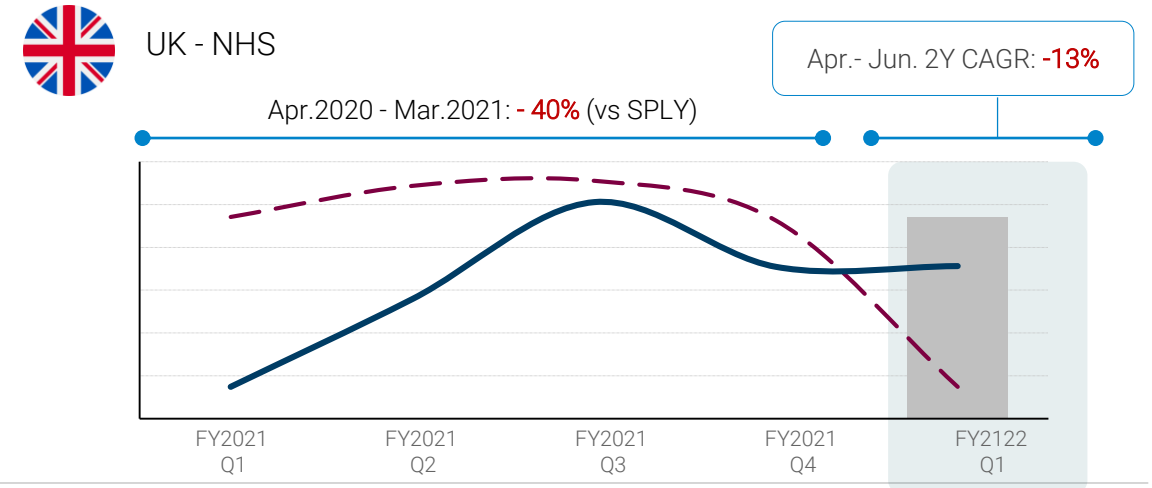
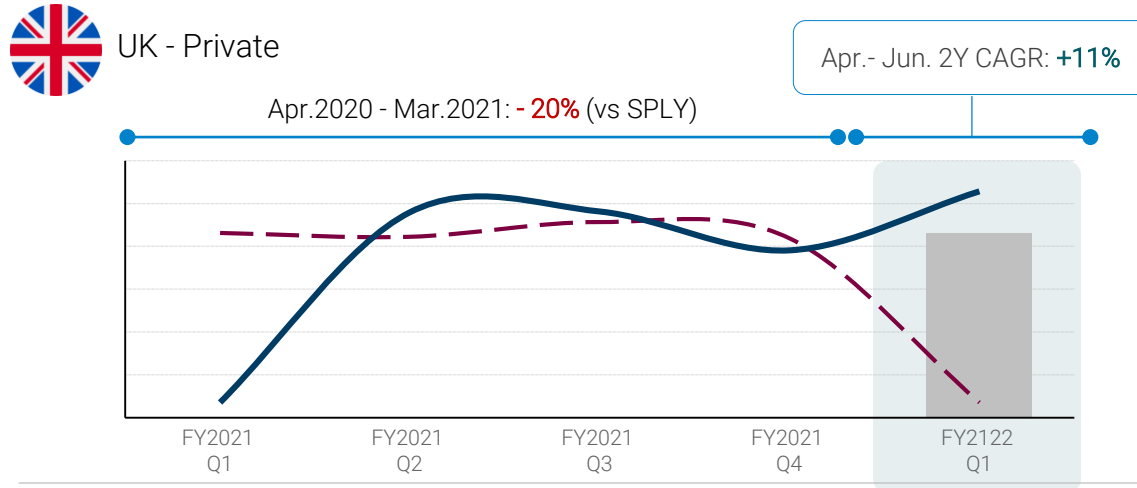
- Global market showing good progress but not fully recovered yet
- Dynamic overall situation with some new headwinds related to the pandemic, especially in APAC (e.g. AU, NZ, VN) due to increasing restrictions
- Strong rebound in the US commercial market; VA lagging due to more cautious reopening strategy
- Slower momentum in some geos including DE & IT, where in-store footfall remains low given cautious public policies

Source: Official Industry Reports (HIA, BVHI) ; Note: SPLY: same period last year

► Good demand recovery YTD but with significantly different pathways

Market update

Quarterly unit market development and current trends



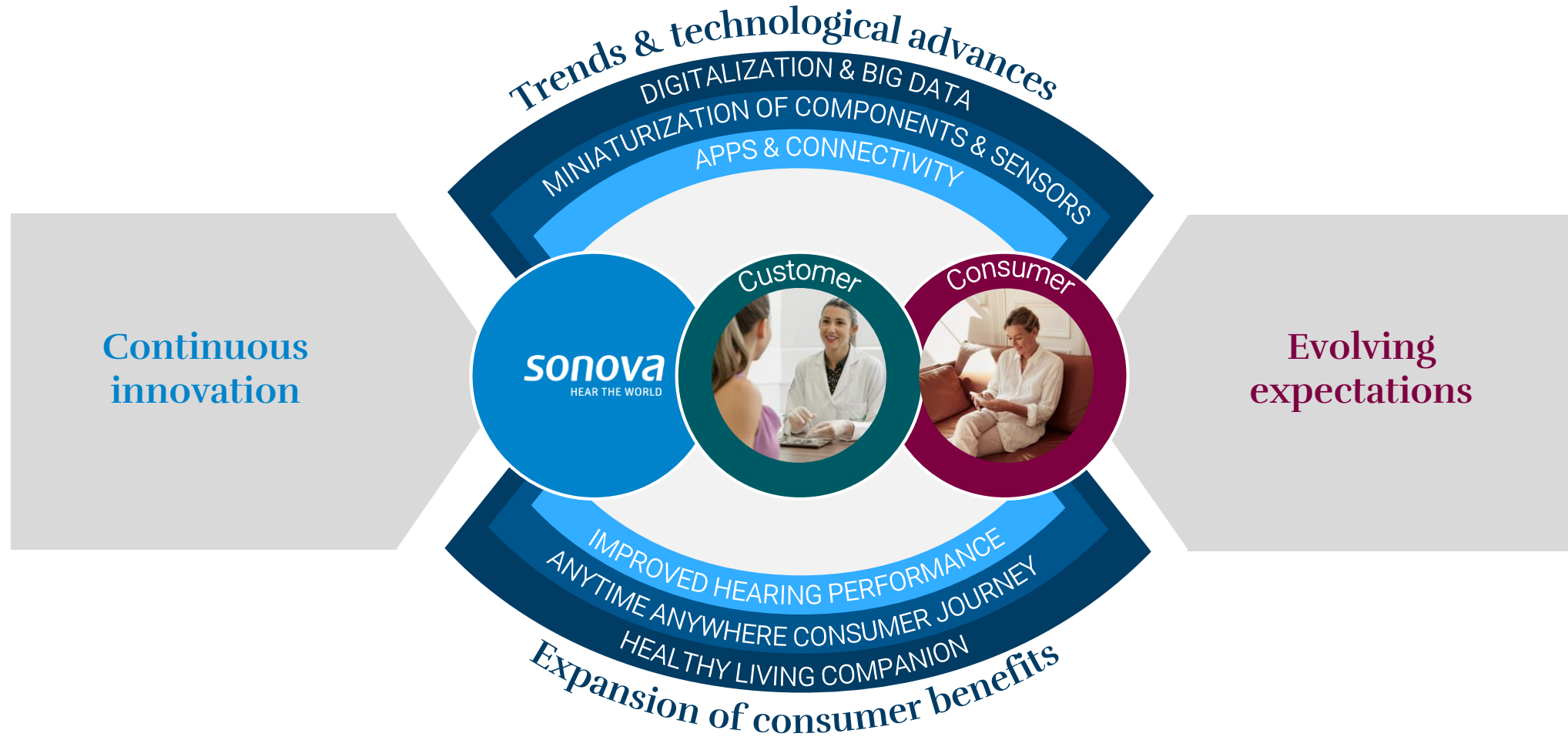
- Pent-up demand supporting strong growth in the UK private market; UK NHS still well below pre-pandemic levels due to de-stocking and cautious reopening strategy
- Strong market growth in FR with reimbursement change driving share of Class I (Free-to-Client) devices

Source: Official Industry Reports (BIHIMA, Syndicate); Note: SPLY: same period last year

► Good demand recovery YTD but with significantly different pathways

Market trends

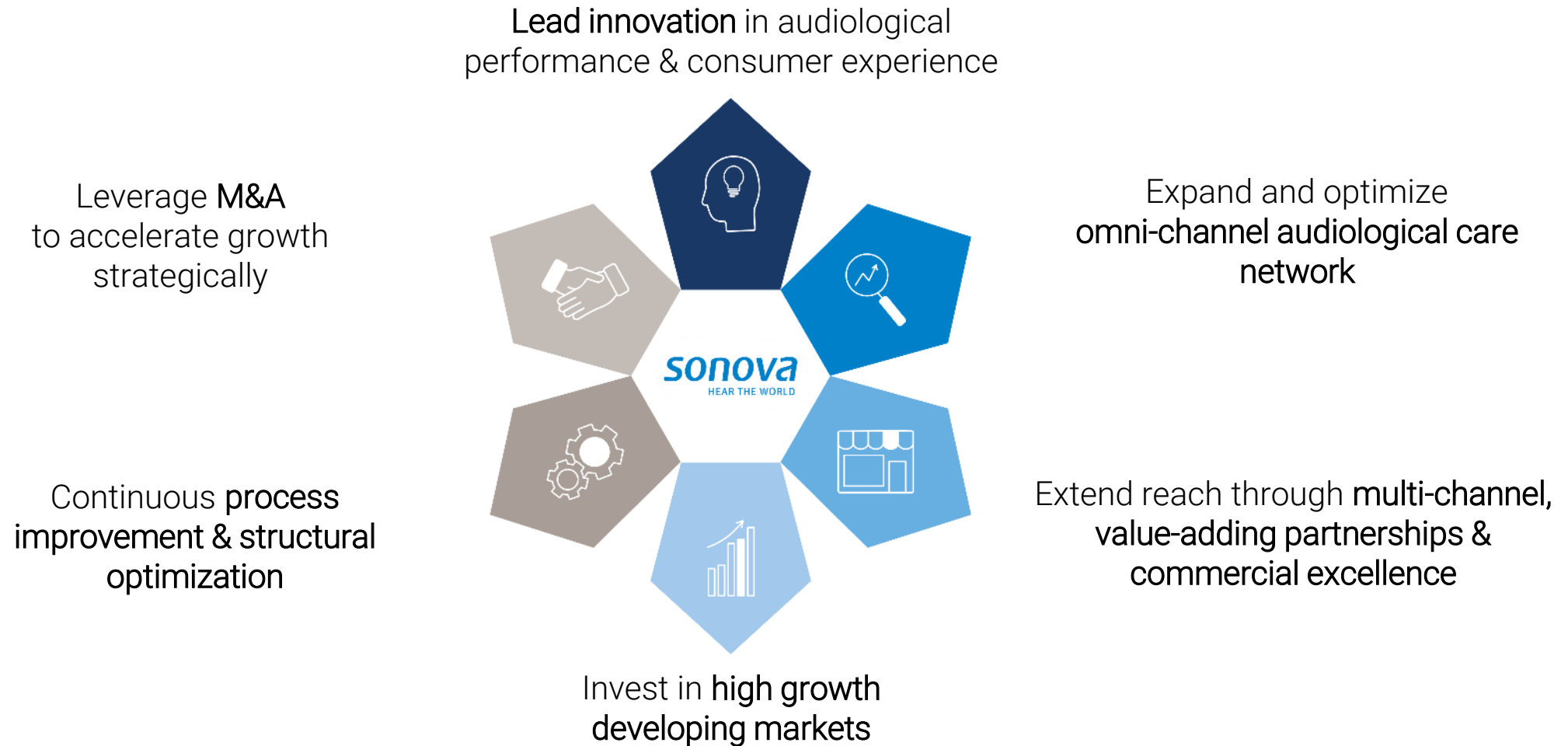
Technological advances and expansion of consumer benefits



- Sonova's opportunity: Innovation leadership to address megatrends and to elevate consumer journey

Sonova's strategy

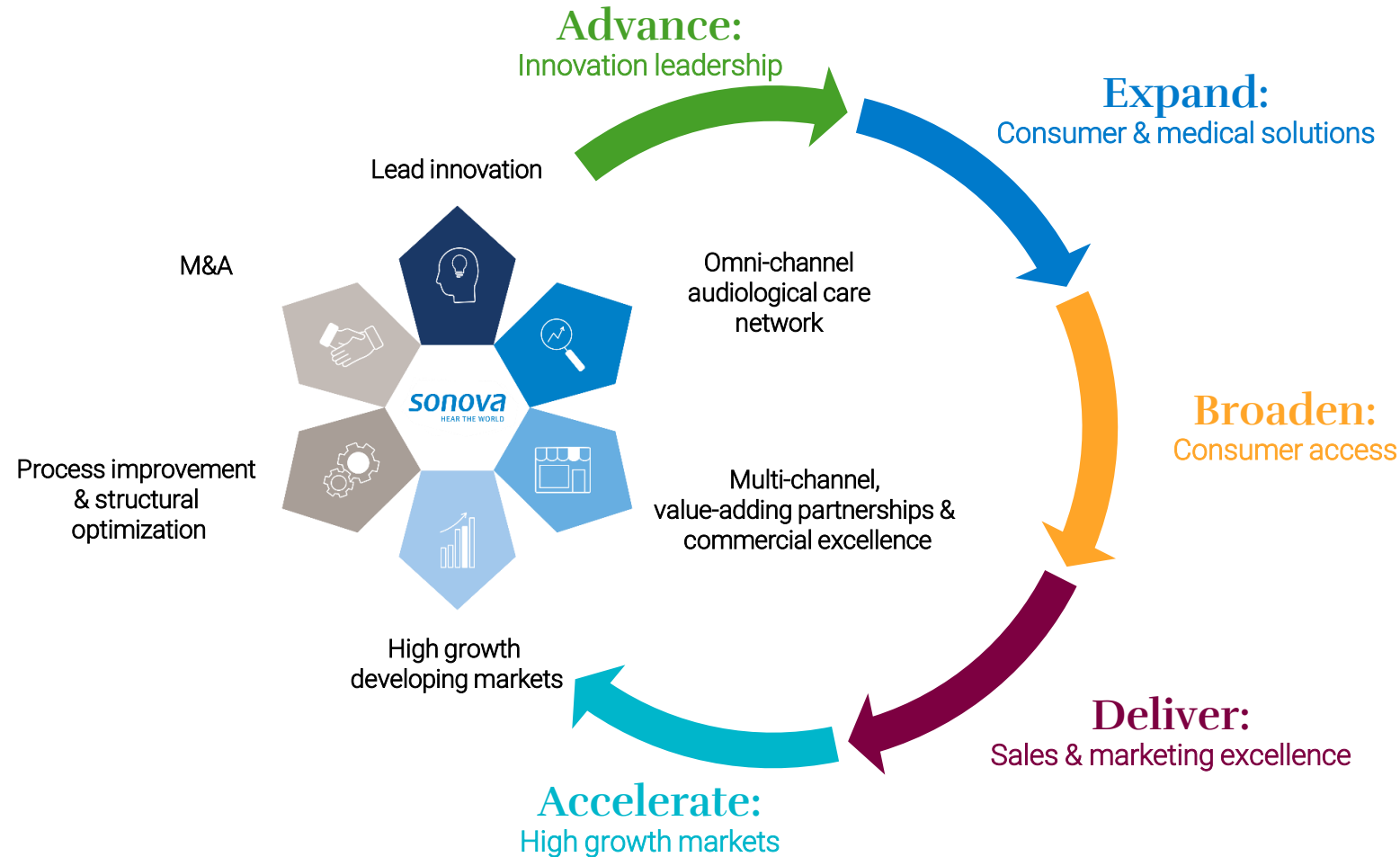
Strategic pillars



► Our strategy remains unchanged and has proven to be effective during the pandemic and the recovery

Sonova's strategy

Organic growth initiatives to execute our strategy



► Targeted growth initiatives in 5 focus areas with increasing investments over the last 3 years

Selected growth initiatives

Advance

Innovation leadership



- Consistent step-up in **R&D** investments
- Expanding **mobile app development** capabilities
- Building up competence in **Artificial Intelligence** and **sensor technology**

Expand

Consumer & medical solutions



- Preparing for entry into **consumer hearing** market, complemented by planned acquisition of Sennheiser Consumer Division
- Progressing on the journey towards a **healthy living companion** (e.g. sensors)

Broaden

Consumer access



- Driving AC **omni-channel strategy**
- Scale up of **Lead Generation Factories**
- Accelerated **bolt-on acquisitions** and **greenfield openings** in AC
- Expanding **feet on the street** in HI and CI

Deliver

Sales & marketing excellence



- Elevating our **sales and marketing excellence** in HI and CI
- Expansion of **B2B value-added services**
- Improving our **customer renewal** process in AC

Accelerate

High growth markets



- Implementing on-line and off-line market entry for AC in **China**
- Expanding dedicated resources in **high growth markets**

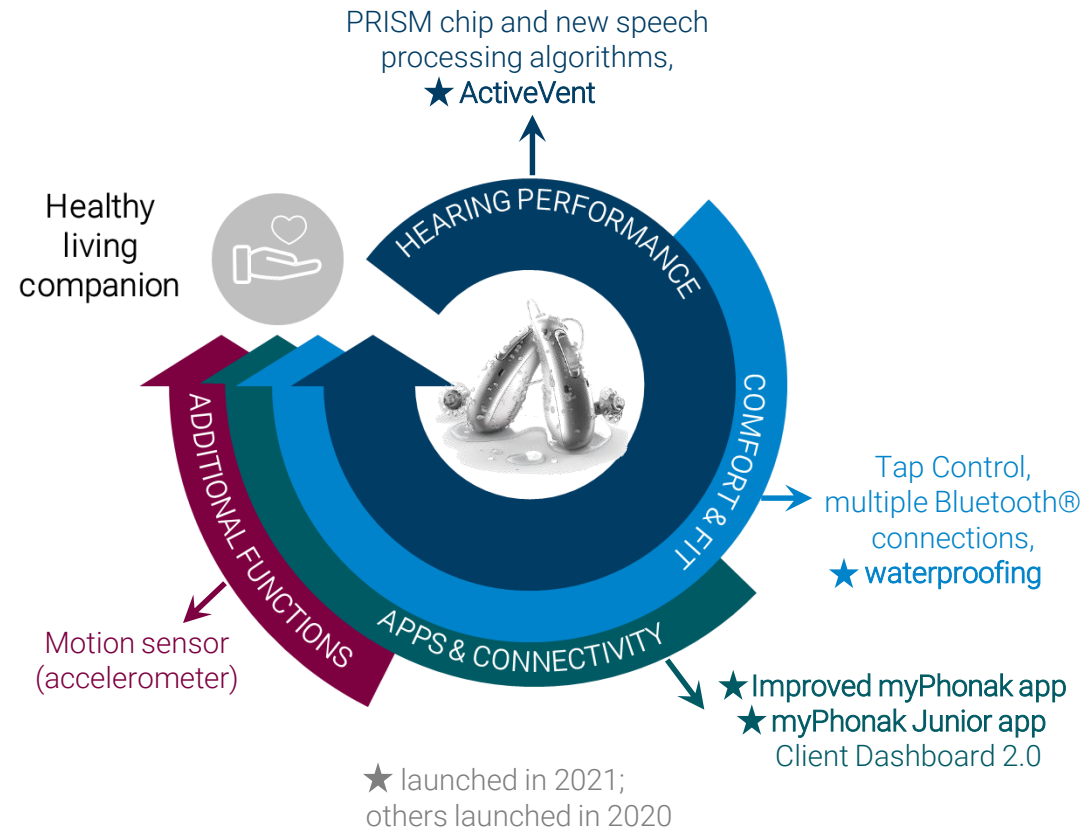
Note: HI = Hearing Instruments; AC= Audiological Care; CI = Cochlear implants

► **Re-investing share of efficiency gains – Growth investments +40% yoy in 20/21 & further step-up in 21/22**

Targeted growth initiatives – Advance innovation leadership

Example – Building up competence in Artificial Intelligence and sensor technology

Our innovation framework



Our R&D focus investments

- ➔ Continued expansion of processing power
 - Proprietary processing and connectivity chip technology
- ➔ Elevating algorithms to enhance hearing performance
 - Augmenting existing algorithm technology with AI technologies
- ➔ Broadening functionality towards healthy living benefits
 - Sensor technologies and algorithms
 - Collaborations with medical institutions on comorbidities
- ➔ Expanding consumer applications
 - App development and link into existing ecosystems

► Innovation leadership requires new capabilities – DD increase in R&D investments each of the last 2 years

Outlook FY 2021/22

Guidance issued on May 18, 2021

	Actual FY 2020/21	Guidance FY 2021/22
Sales growth in LC	-6.8%	+24% to +28%
adj. EBITA growth in LC	+5.6%	+34% to +42%

Considerations for FY 2021/22

- Guidance assumes further market normalization, supported by progress of vaccination programs in major developed markets
- The outlook builds on the strong momentum and sustained market share gains in the past two years
- Sales growth expected to be skewed towards 1H 2021/22, reflecting significant sales decline in 1H 2020/21
- Strong YOY margin improvement expected in 1H from compounding benefit of significantly higher sales and structural improvements
- Resilience of consumer demand coupled with release of pent-up demand expected to support the market recovery
- The impact of the acquisition of the Sennheiser Consumer Division is not yet reflected in the guidance

► Further sales recovery expected, supported by pent-up demand – Strong fall-through on profitability

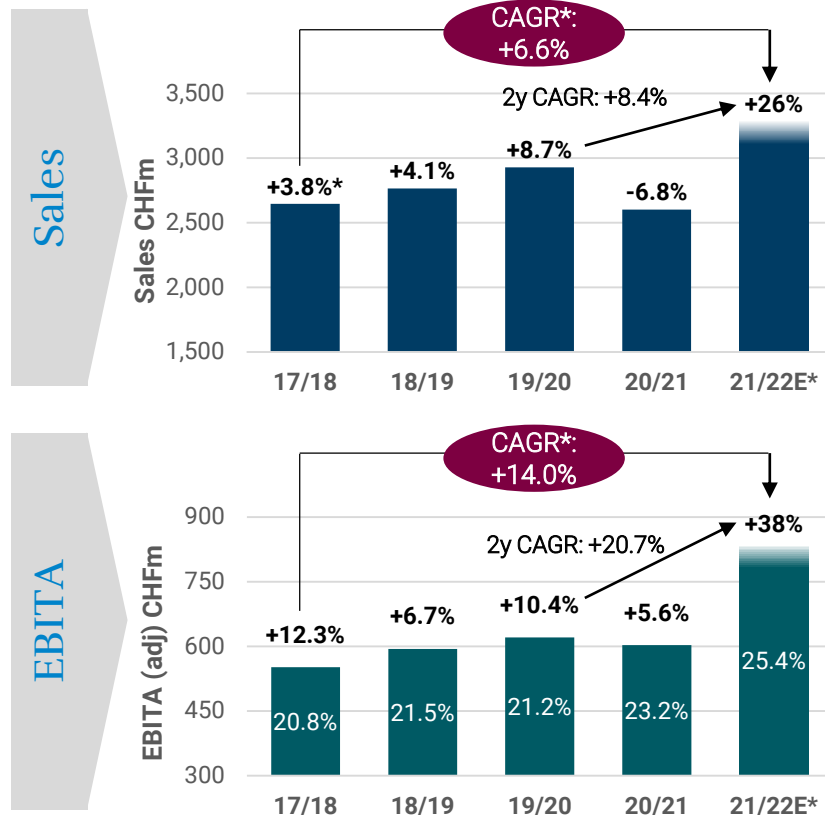
Historic performance

Growth vs. mid-term targets issued in 2016

Performance

Mid-term targets issued in 2016

Growth and margin drivers



CAGR in LC:
+5-7% p.a.

CAGR in LC:
+7-11% p.a.

Market share gains driven by:

- Innovation leadership: Marvel, Paradise
- Improvements in commercial execution
- Benefits from increased growth investments

- Economies of scale driven by good sales performance
- Benefits from accelerated structural optimization and continuous improvement

Note: * FY 17/18: organic sales growth excl. acquisitions (mainly ANI) and disposals; FY 21/22E and CAGR based on mid-point of the guidance issued in May 2021

► Delivering at the high end of the mid-term sales growth target – EBITA and margin development well ahead

Mid-term targets

Key drivers for the mid-term performance going forward

Hearing Instruments



- Keep high pace of innovation to maintain leadership position
- Elevate commercial execution
- Expand channel presence and value-add for customers
- Exploit emerging opportunities by driving market penetration

Audiological Care



- Advance omni-channel strategy
- Expand digital lead generation capabilities
- Grow and optimize store network through greenfield openings and M&A
- Enter new growth markets and geographies
- Leverage trend towards medicalization by expanding product and service offering

Cochlear Implants



- Exploit unique R&D synergies with the HI business
- Drive lead generation in collaboration with the AC & HI businesses
- Elevate commercial execution
- Improve efficiency and productivity
- Expand market presence

Note: HI = Hearing Instruments; AC= Audiological Care

► Strong starting point and tangible growth opportunities for continued profitable growth

Mid-term targets

The four pillars of growth and our mid-term targets



Notes: *excluding FX impact; refers to mid-term period post the impacts from the COVID-19 pandemic and the related base effect; does not reflect planned acquisition of Sennheiser Consumer Division

► Step-up in mid-term growth targets while further expanding EBITA margin

Entering a new phase from a position of strength

- **Attractive market** fundamentals remain intact
- Global market showing **good progress** out of the COVID-19 pandemic but has not fully recovered yet
- Well **proven strategy** remains unchanged with continued step-up of **growth investments**
- **Strong mid-term sales prospects** driven by further market share gains and bolt-on M&A
- Expecting **further solid margin expansion** on top of strong progress achieved





Paradise 2.0: Pioneering purposeful innovation

Rediscover the wonder of sound

Unrivalled sound quality

- Sound processing chip - PRISM™
- Motion sensor
- APD 2.0
- AutoSense OS™ 4.0
 - Speech Enhancer
 - Dynamic Noise Cancellation
 - Motion Sensor Hearing



Personalized digital solutions

- Hearing Screener 2.0
- myPhonak app
 - AudiogramDirect (via Remote Support)
 - Remote Control
- Client Dashboard 2.0
- myPhonak Junior App
- myRogerMic App

Universal connectivity

- Connects to smartphones, TV & more
- Made For All connectivity
- Multiple Bluetooth® connections
- New Tap Control for easy access to Bluetooth functionalities

The world's first and only hearing aid offering Speech Enhancement, Motion Sensor hearing, Tap Control and Universal Bluetooth® connectivity

More clinical evidence

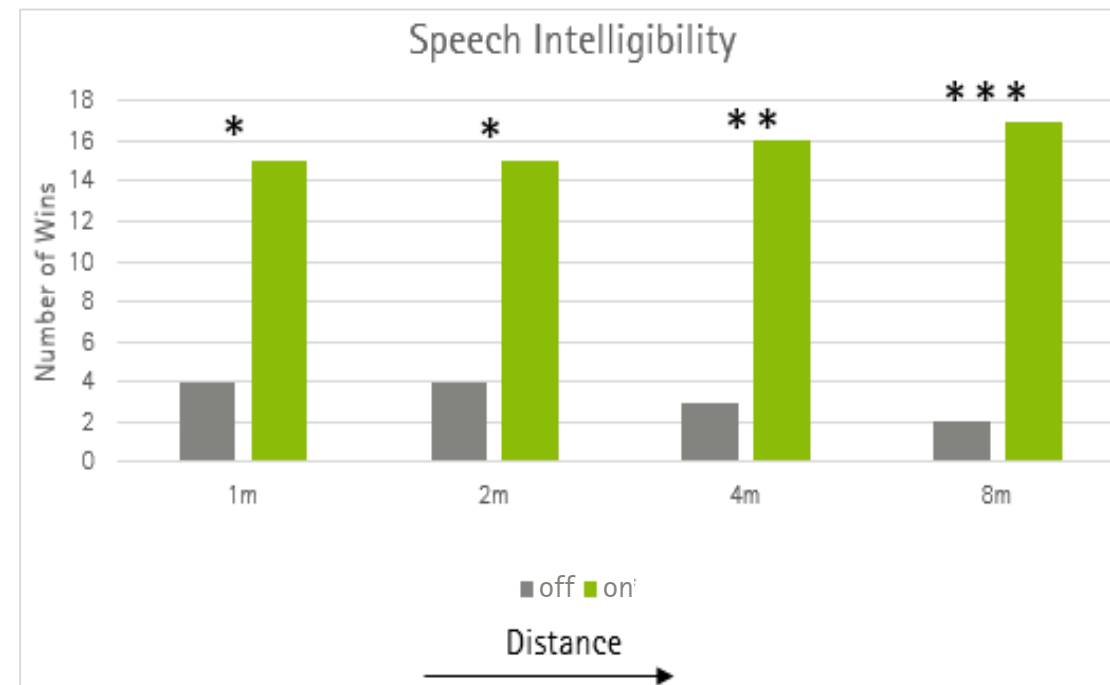
Dynamic Noise Cancellation was shown to reduce listening effort¹

Motion Sensor Hearing was consistently rated higher for ease of speech understanding²

8 out of 10 participants show clear preference for speech intelligibility when **Speech Enhancer** is active¹

Participants prefer **Motion Sensor Hearing** with regards to speech understanding, environmental awareness and sound quality²

Twice as many participants preferred the **Tap Control** function compared to alternative methods for controlling direct streaming³



Paired comparison of Speech Enhancer ON versus OFF for the category *speech intelligibility*. Asterisks indicate statistical significance *= $p < 0.05$, **= $p < 0.01$, ***= $p < 0.001$. Number of wins means the number of times that condition was picked as the preferred option

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. Appleton-Huber, J. (2020). Motion-based beamformer steering leads to better speech understanding and overall listening experience. Phonak Field Study
3. Adler, M., Woodward, J. (2020) New Tap Control: providing a preferred and reliable alternative to access direct streaming functions, Phonak Field Study News retrieved from www.phonakpro.com/evidence

Excellent feedback on Paradise



of consumers would recommend Paradise to family or friends¹



of HCPs would recommend Paradise to their peers¹



of HCPs agree Paradise provides balance between audibility and comfort¹



of HCP agree Phonak Paradise truly delivers crisp natural sound¹

¹ Taphuntsang, D. (2020). Market Research ID 4387. Please contact marketinsight@phonak.com if you are interested in further information

Top 3 selection criteria for hearing aids

When selecting a hearing aid for your patient, how important are the following dimensions?

10-point-scale (1=unimportant - 10=very important) - MEANS

#1 Speech Understanding

#2 Sound Quality

#3 Reliability



The world's first waterproof rechargeable hearing aid.

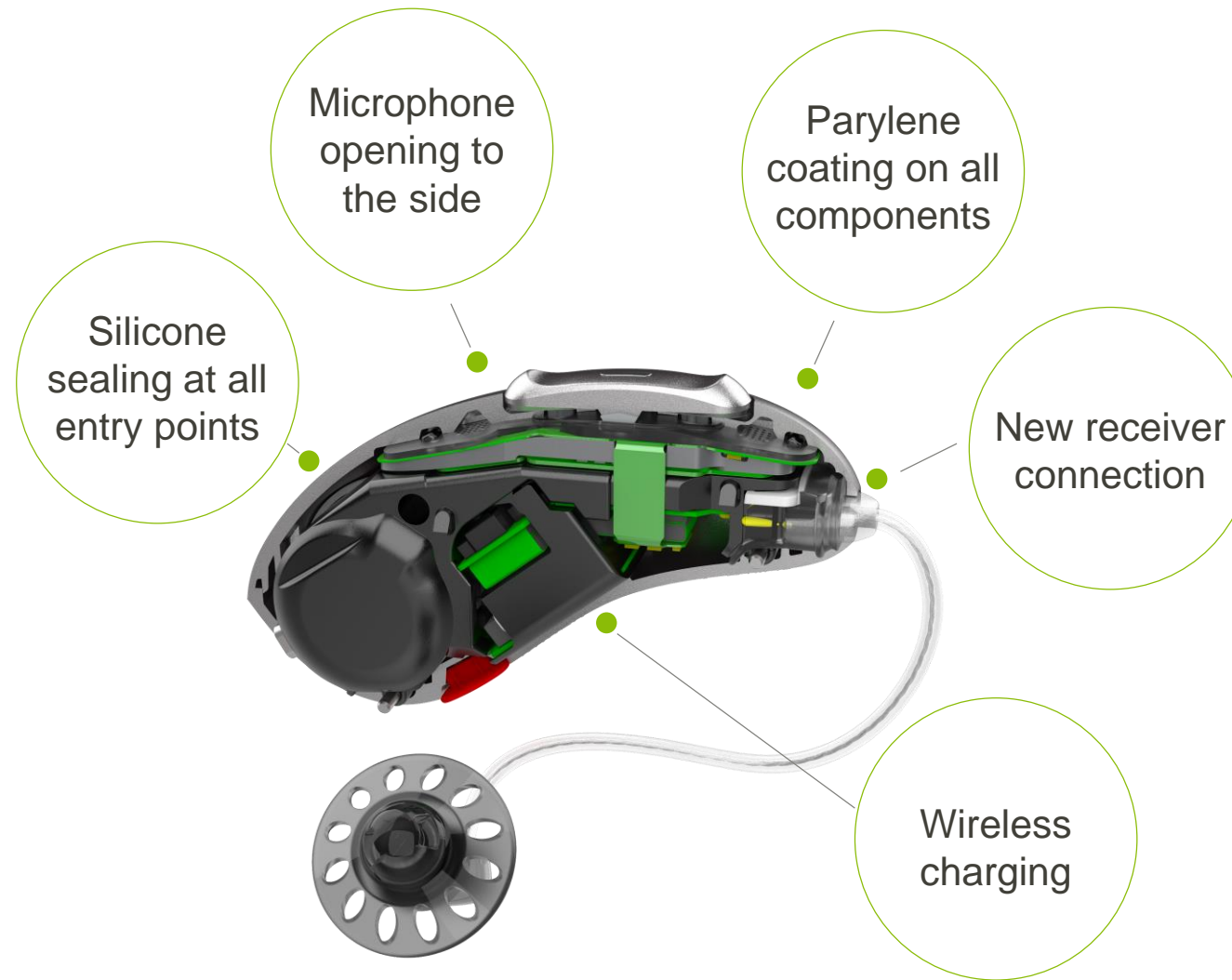
- Waterproof¹, showerproof, sweatproof
- Rechargeable
- Delivers crisp natural sound²



¹ up to 50 cm or 1.64 feet

² Taphuntsang, D. (2020). Market Research ID 4387. Please contact marketinsight@phonak.com if you are interested in further information

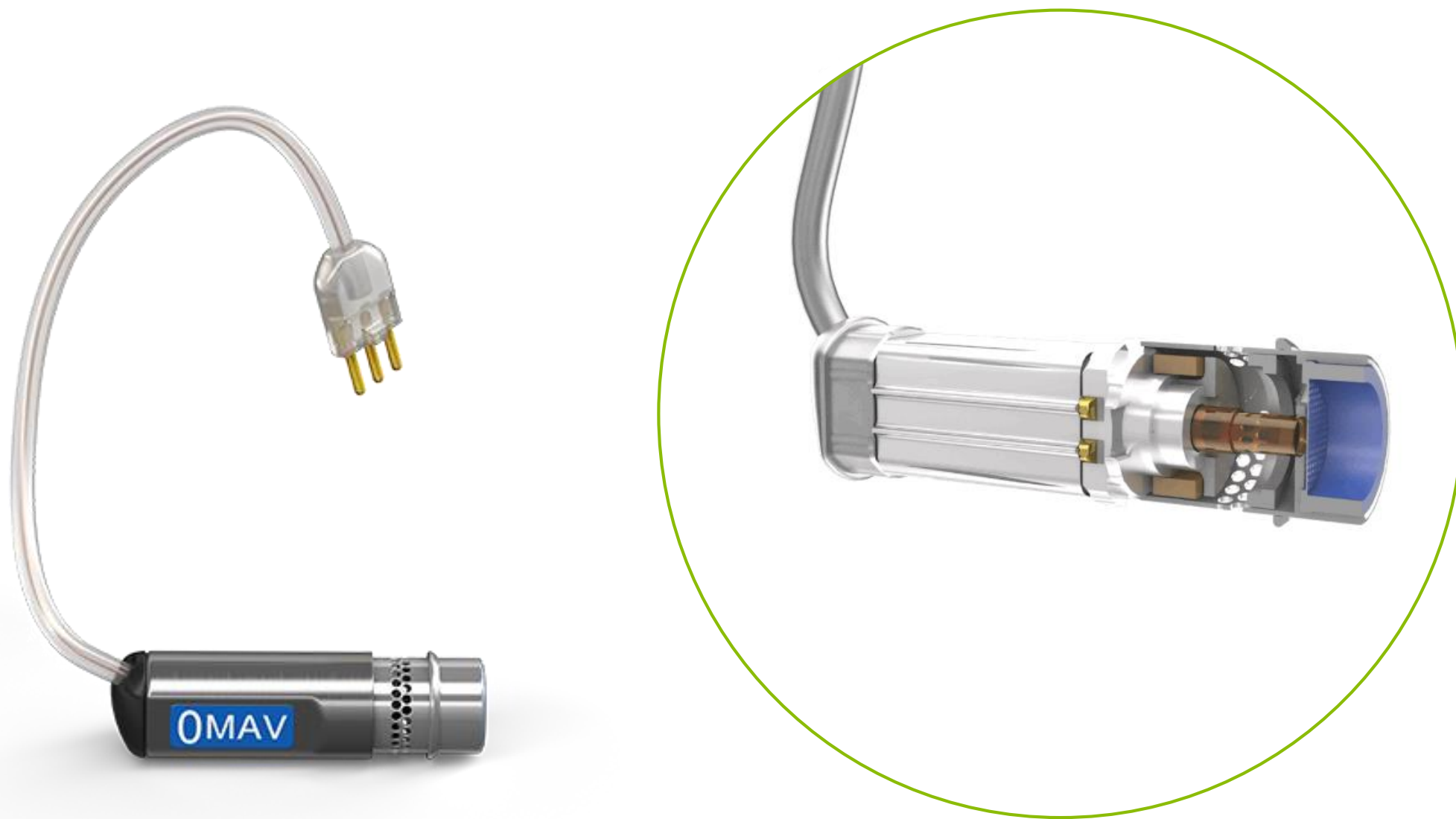
Audéo Life – how does it work?



How can the sound
of **Paradise** get any
better?



The world's first intelligent hearing aid receiver



ActiveVent: Clinical Evidence



Naturalness of **own voice perception** while optimizing hearing performance¹



Superior sound quality for streaming media^{1, 2}



ActiveVent Receiver provides on average **10% better speech understanding in noise** than conventional acoustic coupling while providing **natural sound** in different listening situations¹.

1. Latzel, M & Hobi, S (2021) Receiver with mechanical vent provides benefit of open and closed acoustics for better speech understanding in noise and naturalness of own voice perception. Phonak Field Study News in preparation. Expected end 2021.
2. Compared to a standard acoustic coupling in quiet

Phonak CROS P for Unilateral Hearing Loss



CROS P-R
CROS P-13

Improved speech understanding
in noisy environments¹

Follow conversations wherever they
are coming from¹

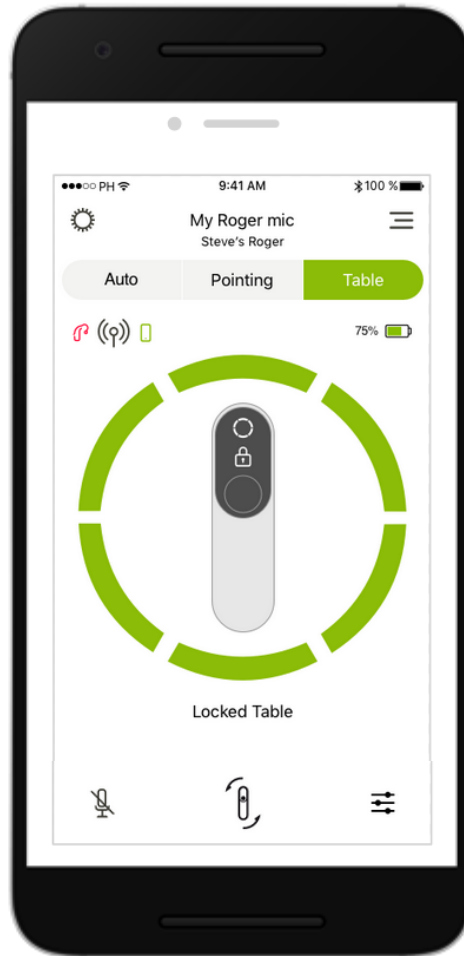
Proven Paradise performance

Made for all connectivity to smartphones,
TV, Roger™ and more

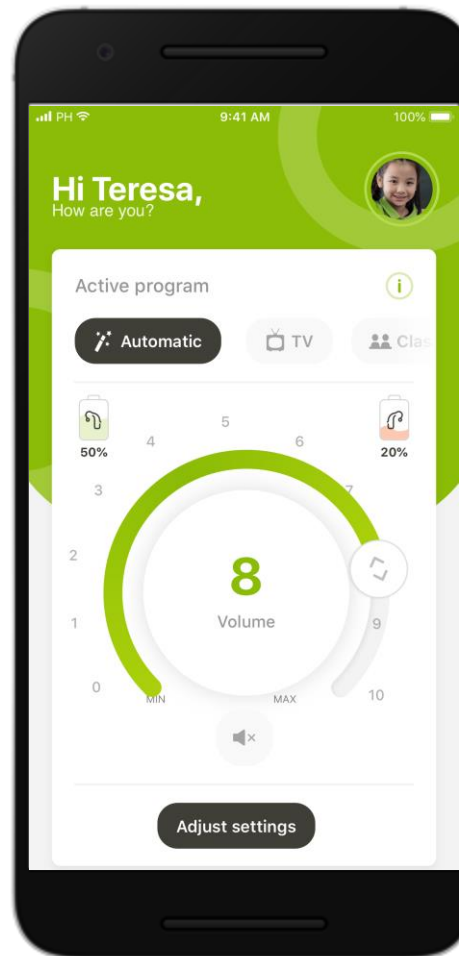
Easy to use and rechargeable

1. Stewart, E. & Woodward, J. (2021). Out of the (Head) Shadow: A Systematic Review of CROS/BiCROS Literature. Manuscript in press.
* when using a CROS system compared to unaided

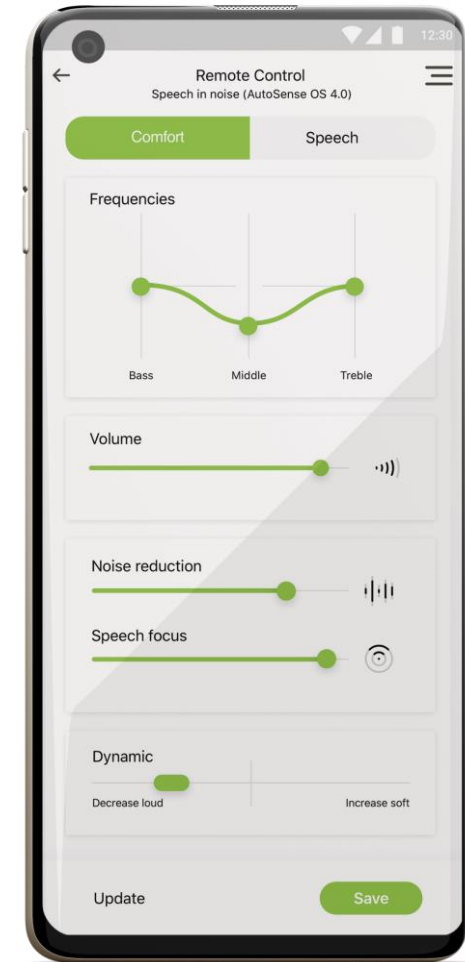
Personalized Digital Solutions



myRogerMic App



myPhonak Junior App



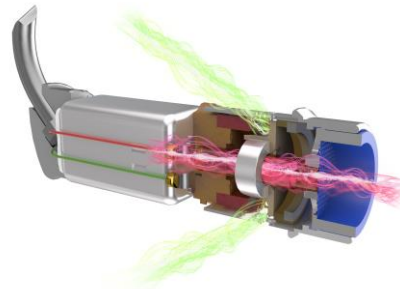
myPhonak App

Pioneering and purposeful innovation



Audéo LIFE

The **world's first**
waterproof
rechargeable hearing aid



ActiveVent™

The **world's first**
intelligent hearing
aid receiver



CROS P

A Paradise solution
for **unilateral**
hearing loss



myPhonak

Providing **simple and**
seamless access to
Paradise functionality



Bringing Powerful Connections to Life

Victoria Carr-Brendel, PhD, GVP Cochlear Implants, President Advanced Bionics
Stäfa, September 14, 2021

Market and business update

Performance drivers

Market

General market

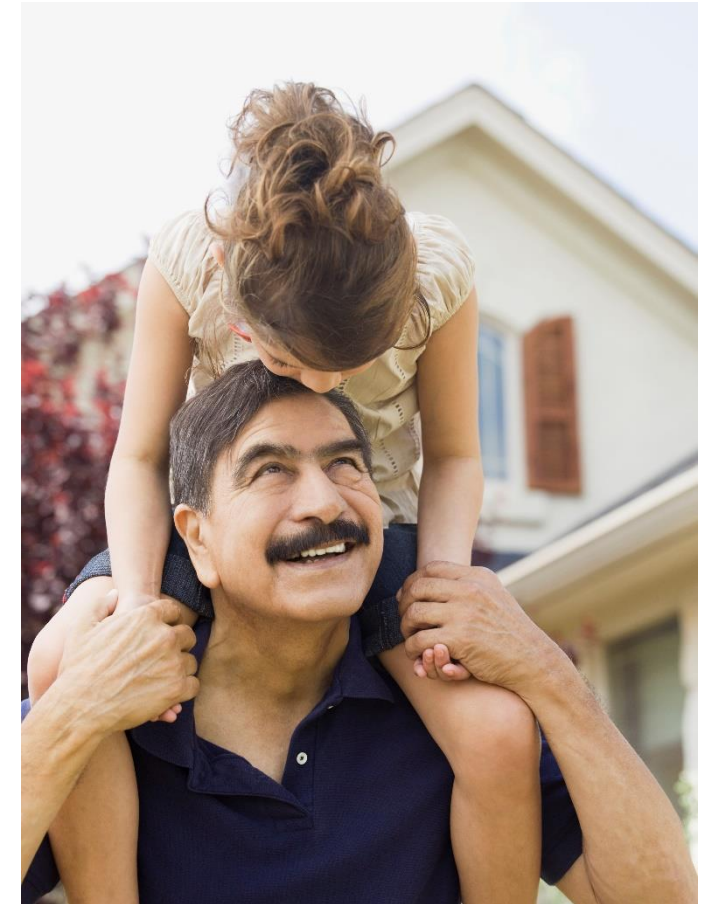
- Market rebounding from impacts of the COVID pandemic, growing at mid single-digit rate vs. same period in CY 2019
- Surgery volumes in North America, China and most Western European countries have recovered to pre-pandemic levels
- So far limited impact from the Delta variant but carefully watching effect on surgical volumes

Competitive dynamics

- Good progress on recovery of AB market share post field corrective action

Advanced Bionics

- US and EU Marvel CI launch in Feb/Mar 2021 driving substantial demand for both upgrades and systems
- Vast majority of centers back to normal ordering from AB
- Continuous improvement initiatives in manufacturing and engineering enabling significant gross margin improvements
- Global commercial execution initiatives targeting improvement of both consumer and customer interactions



► Return to profitable growth supported by new products, commercial execution and continuous improvements

Marvel CI launch

Powerful hearing experience – Comfort & convenience – Ultimate ease of use

NAÍDA CI M



SKY CI M



TARGET CI



First Phonak & AB integrated fitting software



Combines established **Phonak Marvel platform** and proven **AB sound processing**, designed for excellent sound quality and performance



Unique ergonomic housing for a comfortable and secure fit



Connect wirelessly with virtually **any Bluetooth® device** for calls or streaming through Phonak MFA

The Bluetooth® word mark and logos are registered trademarks owned by Bluetooth SIG, Inc. and any use of such marks by Sonova AG is under license.

► **Integrating Phonak's successful hearing aid platform into the AB CI experience**

Marvel CI launch

Powerful hearing experience – Comfort & convenience – Ultimate ease of use



New hardware

- New Naída™ and Sky CI™ M sound processor design
- 24% shorter and 34% lighter than its predecessor
- Slim headpiece
- Accessories for flexible wearing



AutoSense
OS™ 3.0

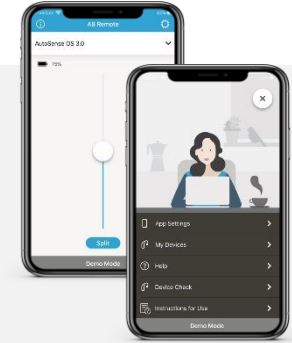
New features

- Automatic access to all sound cleaning features which customize sound based on the environment
- Leveraging Phonak Marvel hearing aid technology



New connections

- First Made For All (MFA) CI solution – enabling direct connectivity with cell phones incl. Android™, iPhone® and classic cell phones
- RogerDirect™ improves hearing in challenging listening situations



New AB remote app

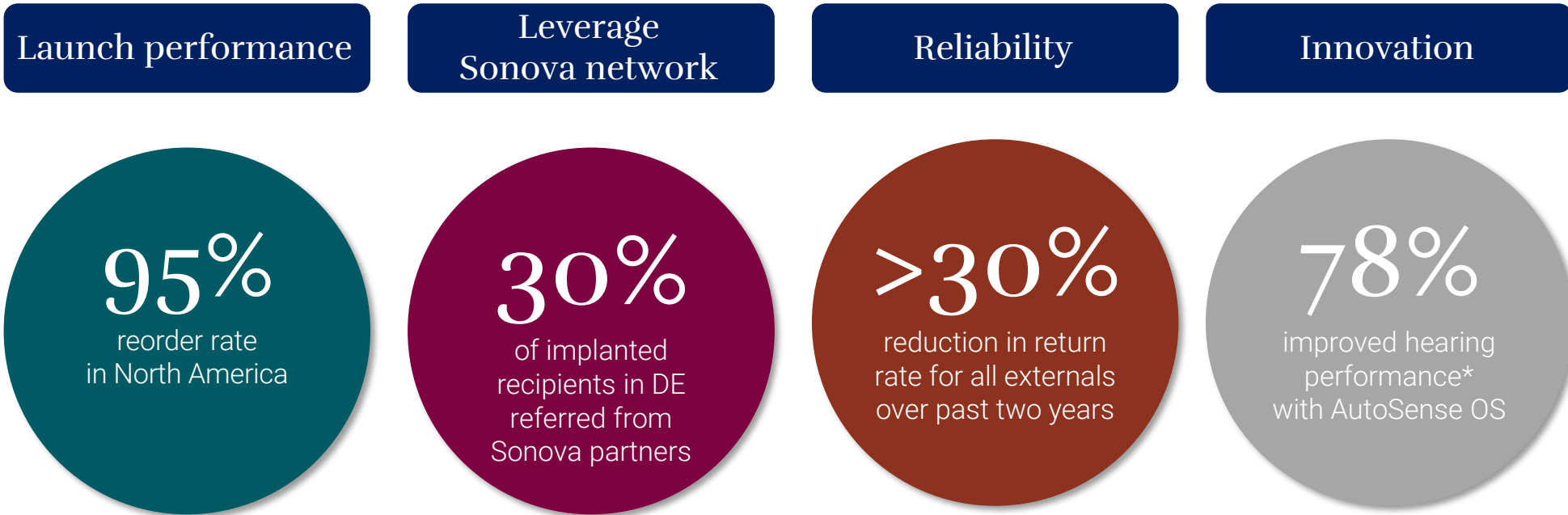
- Easy and discreet control of your sound processor
- Convenient management of all your hearing devices on your smartphone

Android is a trademark of Google Inc.; IOS is a trademark of Cisco, Inc.

► Comprehensive new offering providing the unique benefits of the Marvel technology to users of all ages

Focus on growth

Recent achievements



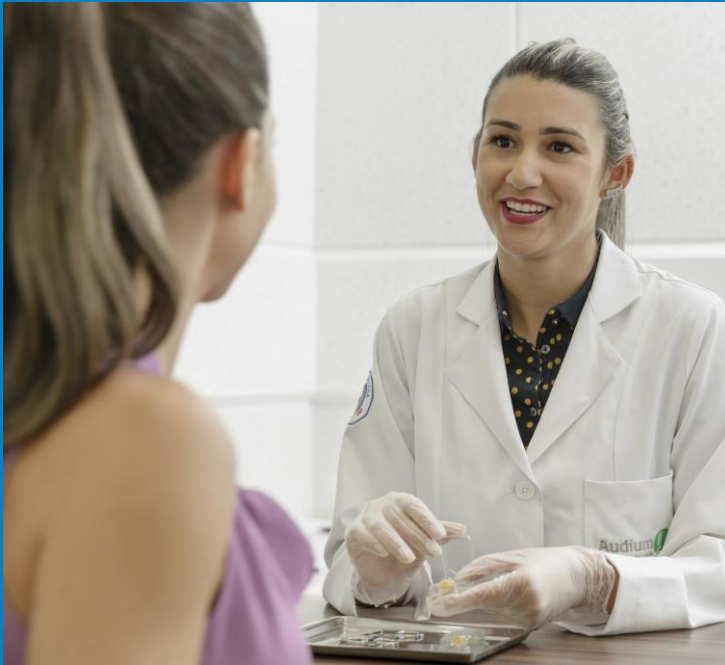
* Strong D et. Al, Clinical Outcomes with a Next-Generation Sound Processor. CI2021 Cochlear Implants in Children and Adults, Orlando, FL, USA. ePoster 2349

► Significant progress on multiple fronts are driving strong recovery in 2021

Key take-aways

- **Good start to the year** reflecting strong execution and ongoing market recovery
- Faster than expected **CI market recovery in US**, while some key international countries continue to lag
- Momentum supported by **successful launch** of the innovative Marvel CI sound processor system
- **Good progress** on regaining customer trust after voluntary field action
- **Strategy remains unchanged** and has resulted in return to growth despite ongoing impact from the pandemic and field action





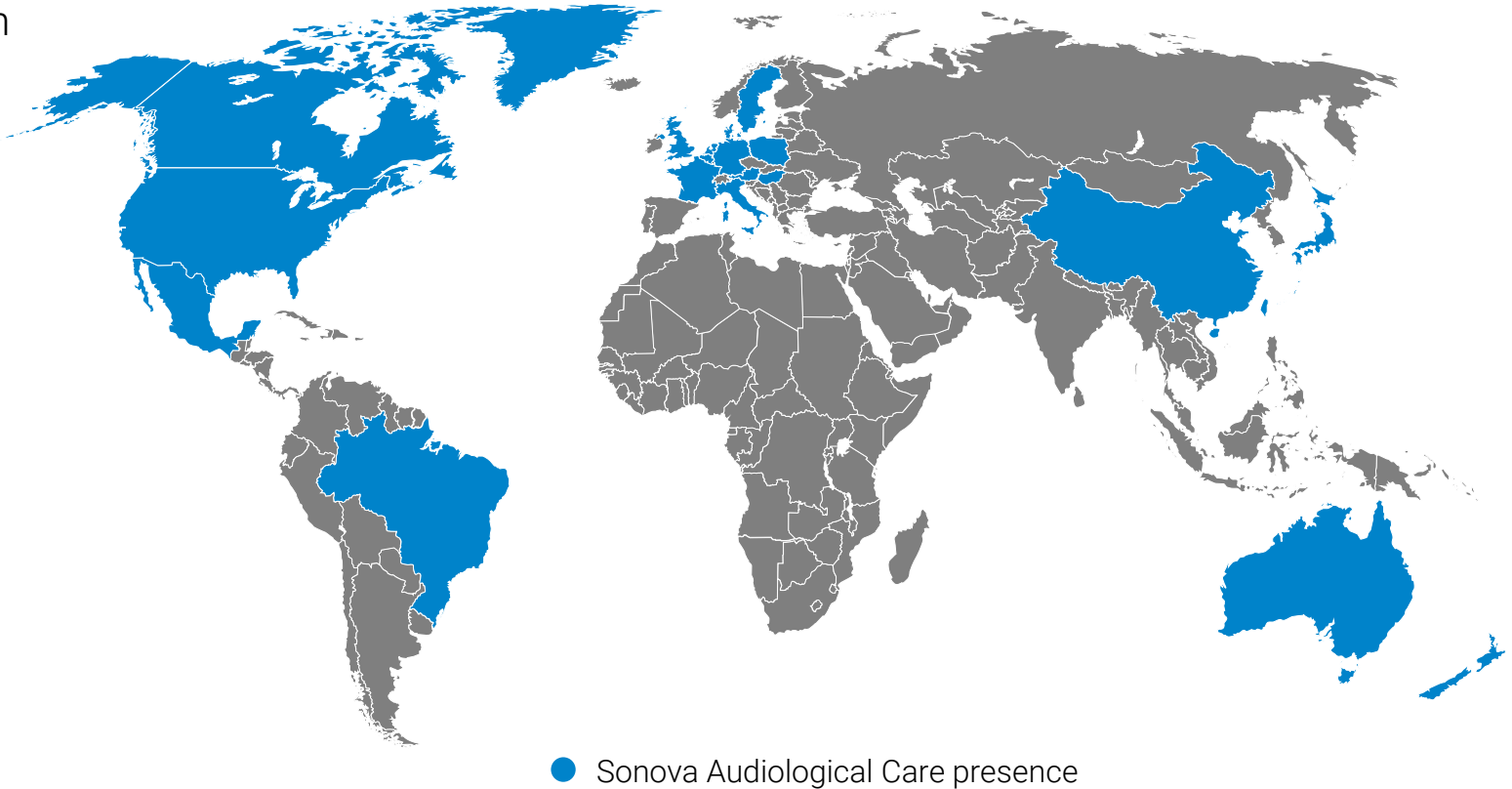
Audiological Care Enriching the consumer journey through our omni-channel strategy

Christophe Fond, GVP Audiological Care
Stäfa, September 14, 2021

Sonova's Audiological Care Business

More than 3,200 points of sales and 7,000 employees span across five continents

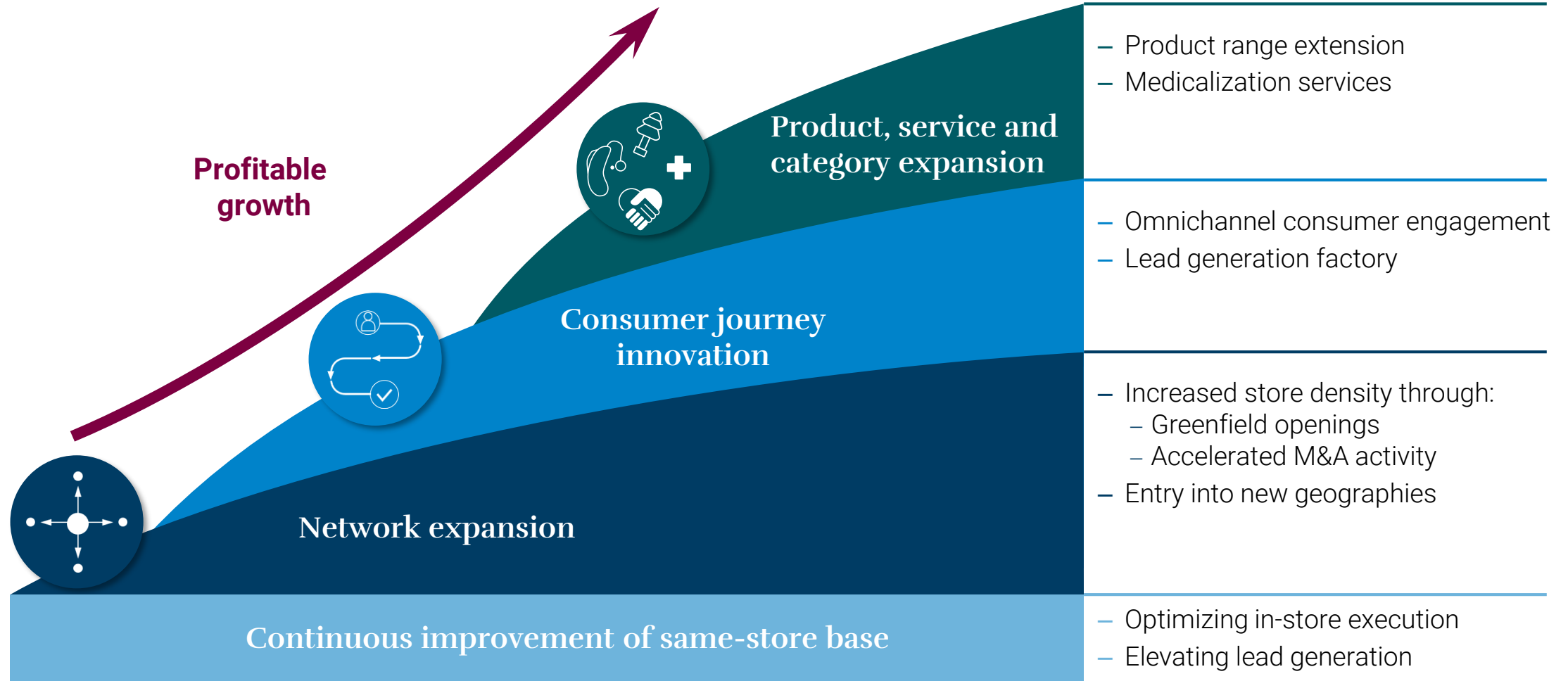
- A leading global platform of more than **3,200 points of sales**
- More than **7,000 employees** in Sonova Audiological Care across **20 markets**
- **Omnichannel journey** in development in majority of the countries
- **Expanding network** actively through greenfield openings and M&A



► No. 2 global provider with significant growth runway

Strategic priorities

Growth drivers



► Driving profitable growth by expanding reach and offering

Continuous improvement of same-store base

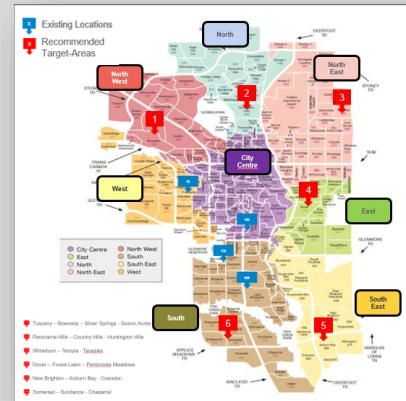
Examples of marketing and sales excellence paired with geo optimized store portfolio to increase productivity

Marketing excellence



- Increase referrals from physicians and ear nose and throat doctors (ENTs)
- Expand digital lead generation

Geo-optimized store portfolio management



- Systematic and data-driven process to optimize store network

In-store excellence



- Improve audiologist productivity through standardized calendar management

► Driver for same-store growth and engine delivering funds to invest into next tier growth opportunities

Network expansion

The combination of bolt-on M&A greenfield expansion

Systematic approach to:

- ➔ Increase store density
- ➔ Optimize the store footprint
- ➔ Enter new growth markets

Balance sheet investments:

Higher spending for bolt-ons:

- ➔ Planned cash-out increased to CHF 70-100 million p.a. from CHF 50-70 million p.a.



P&L investments:

Expansion of various shop formats:

- ➔ Regular stores
- ➔ World of Hearing
- ➔ Shop-in-shops

Targeting combined MSD to HSD percentage points
average annual **growth contribution** in AC

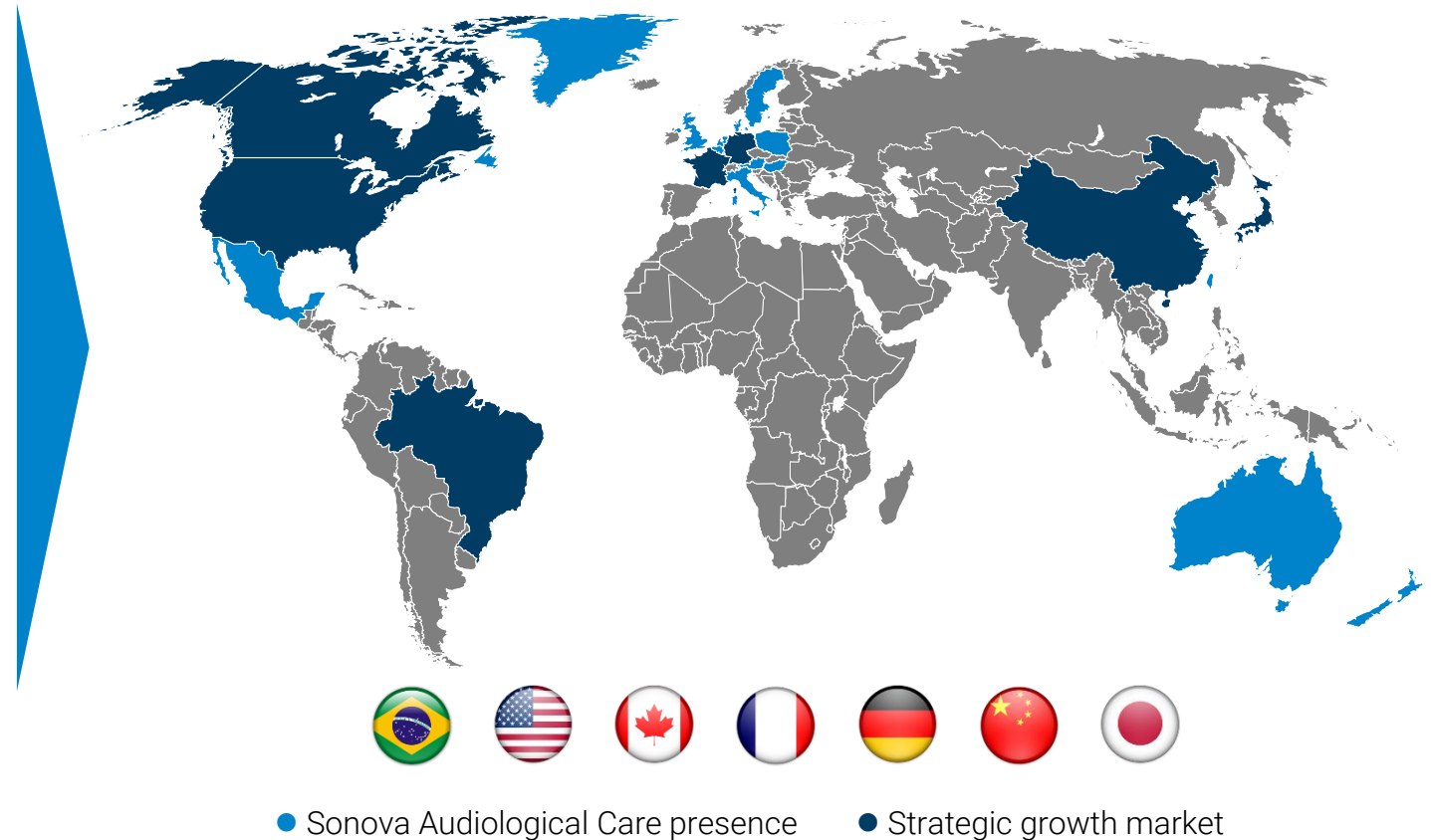
► Expansion of consumer access built into Sonova's Audiological Care strategy

Network expansion – M&A

M&A excellence and strategic growth markets

Improvement Actions

- Global funnel management and support model for all markets
- Dedicated resources in strategic growth markets
- Reflection of M&A in market strategies and local targets



► We have strengthened our M&A capability with experienced teams and are executing a clear strategy

Network expansion - Greenfield

Our World of Hearing shop format moved from piloting to being successfully proven

world of hearing

- Hub and spoke model with regular shops
- Vector for medicalization and new services
- Enhances portfolio to all Sonova solutions including Sennheiser
- Prime locations with easy access for the consumer
- Increased brand awareness for entire network



Vienna, AT



Groningen, NL



Vancouver , CA

Proven benefits



Reduced lead time



Increased ASP



Younger consumers

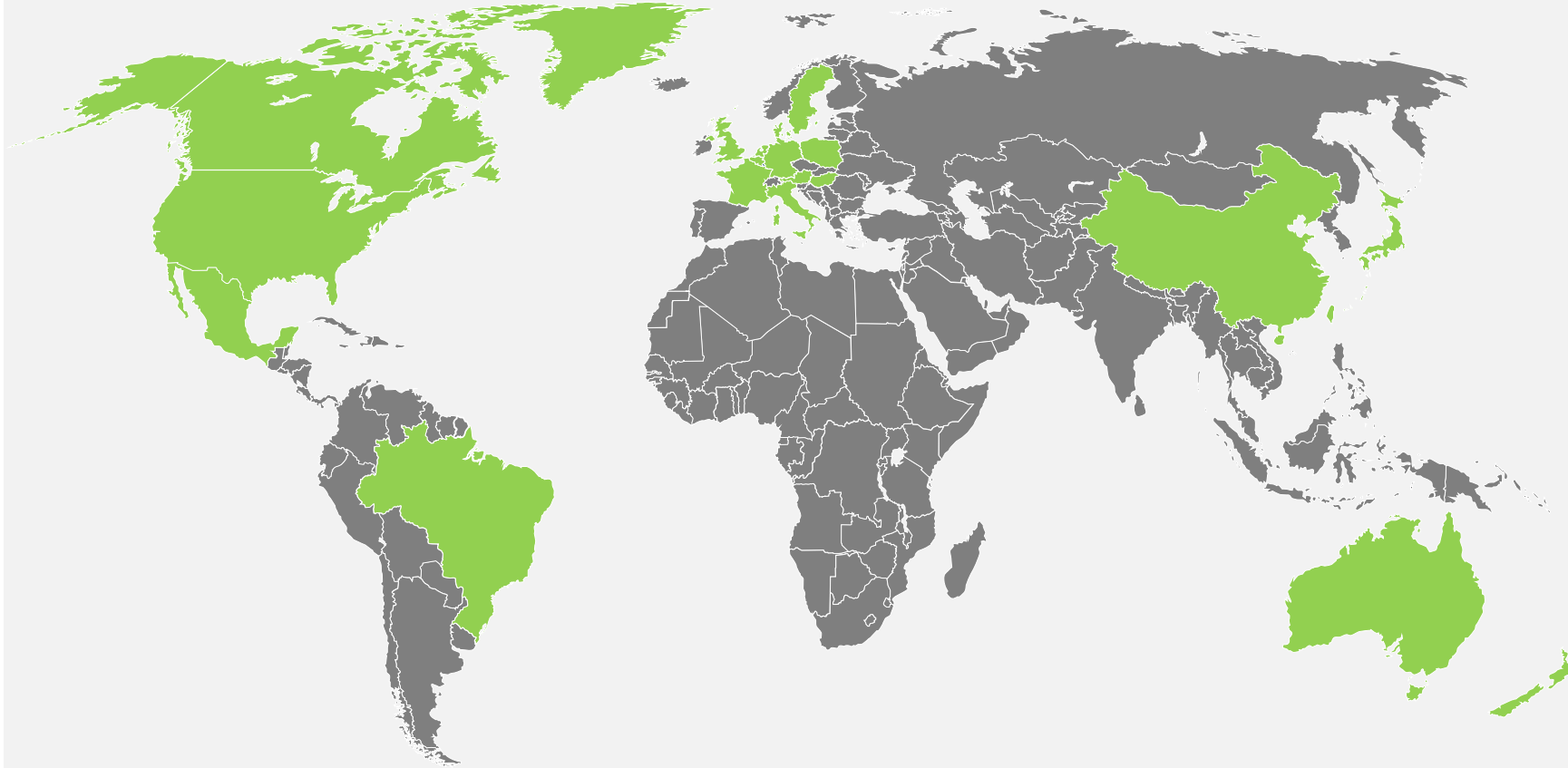


Higher brand awareness

► Expert store accessible to end consumers to strengthen brand image and extend service portfolio

Network expansion - Greenfield

World of Hearing is being rolled-out as a priority



FY2019/20 – 2020/21

- Pilot stores
- 10 openings
- 4 countries



FY2021/22 – 22/23

- 6+ additional countries
- Target: 100 stores



Ambition

- Global coverage in all Group Companies up to 1 in 15 stores

► From proof of concept to scale-up of openings

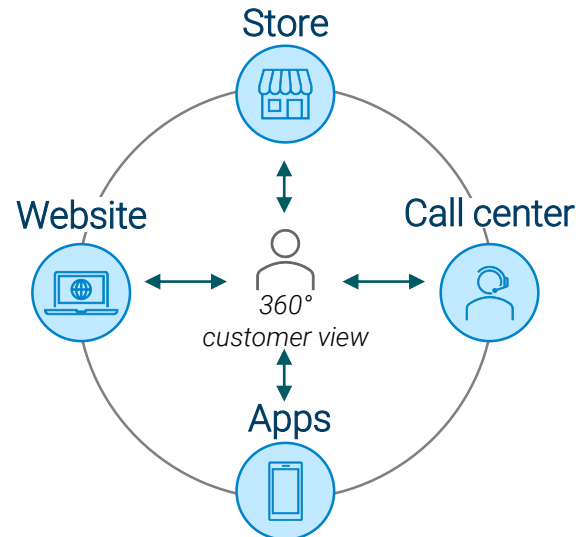
Consumer journey innovation

Proactive approach to serve changing consumer needs and digitalization

Omnichannel strategic pillars



Ecosystem

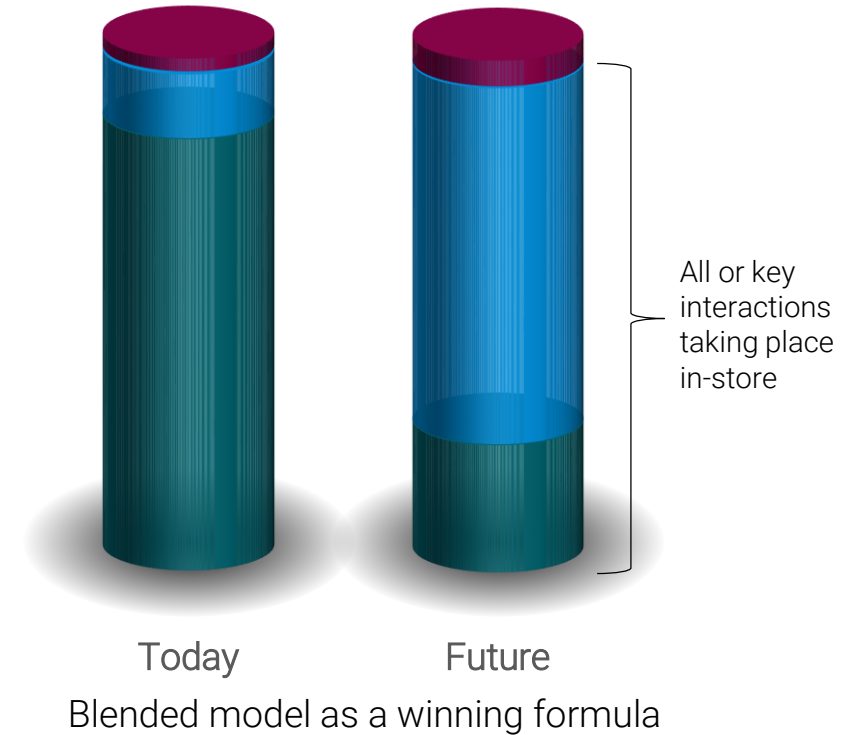


Key enablers



Evolution of the channel mix

■ In-store only ■ Blended ■ Digital only



► Sonova Audiological Care in a strong position to successfully drive omni-channel consumer journey

Consumer journey innovation

Digital lead generation expertise in-house to serve our omnichannel strategy – Our Lead Generation Factory

Mission

- In-house digital marketing platform for online lead generation and qualification
- Lower cost per lead
- Building up database and digital competencies

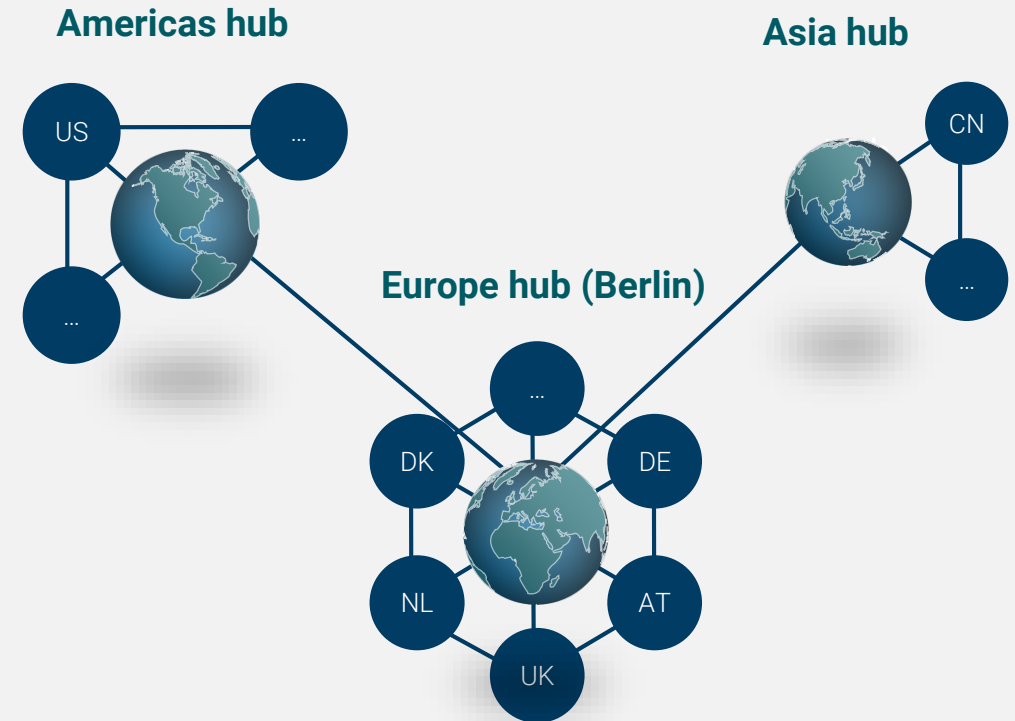
Set-up

- Live since the end of 2019
- Berlin hub with initial focus on our biggest market

Current results

- Double-digit CHFm annual revenue run-rate in DE
- Younger, more affluent consumers

Target set-up with digital lead generation hubs per region



► Proven results in Germany – Now scaling up for global rollout

Consumer journey innovation

Example – Omni-channel model in China

Lead generation

- Lead generation factory for Audionova & wholesale partners
- Leading followership
- Strategic platform partnerships



我们的听力师团队
AudioNova做诺瓦全球权威听力师鼎力支持

国际认证听力师团队 · 国家认证听力师团队
携手为您提供专业贴心服务

AudioNova 做诺瓦

姓名: _____

电话: _____

保存信息, 下次自动填写

免费预约听力检查

Engagement

- Platform apps as portal for screening, appointment, eCommerce, etc.
- Personal Invitation by call center
- Membership privileges



Conversion

Online stores



JD.com



T-mall



WeChat Store



TikTok

Own stores



Brick & mortar

Network partners



320 stores

► Executing our omni-channel approach from consumer engagement to fulfillment

Consumer journey innovation

Omni-channel model in China

Key performance indicators

>430k

Net followers

On WeChat, August 2021
#1 amongst hearing aid brands with >2x
followers than the next best 5 brands
combined

>200k

Registered members

across platforms, YTD August 2021

Example of digital excellence



JD.COM

4.9星

Store Ranking: 4.9



京东好店 JD Premium Store Certified



- JD Sonova Hearing Special Store ranked 95.4 percentile (#20/430) within 3 months
- Awarded JD Premium Store based on quality of product, service, logistic and consumer comments

► Strong position in digital channels established

Product, service and category expansion

Two dimensions to serve consumers better

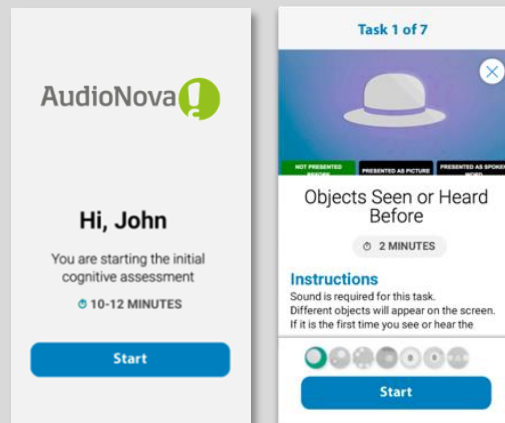


► We simultaneously broaden our offering across products and services

Product, service and category expansion

Selected examples of service and category expansion

Cognitive training



- Rolling out auditory-cognitive training
- Gamified experience with exercises to train cognitive skills like focused attention, divided attention, auditory perception etc.

Fall risk assessment



- Raise awareness on fall risk and inform consumers on preventive strategies incl. hearing aids
- Confirm osteoporosis awareness campaign together with **AMGEN** to help close diagnosis gap

► Medicalization: holistic approach to premium hearing care and comorbidities

Advancing our omni-channel strategy while growing consumer access

- Continued **driving our strategic priorities** while successfully navigating the COVID-19 pandemic
- Increasing our strategic growth investments funded through **continuous improvement**
- Accelerating our **consumer access** through bolt-on M&A, greenfield openings and new store formats
- Executing **our omni-channel strategy** from consumer engagement to lead generation and fulfillment
- Simultaneously **broadening our offering** across two dimensions to enrich our offering





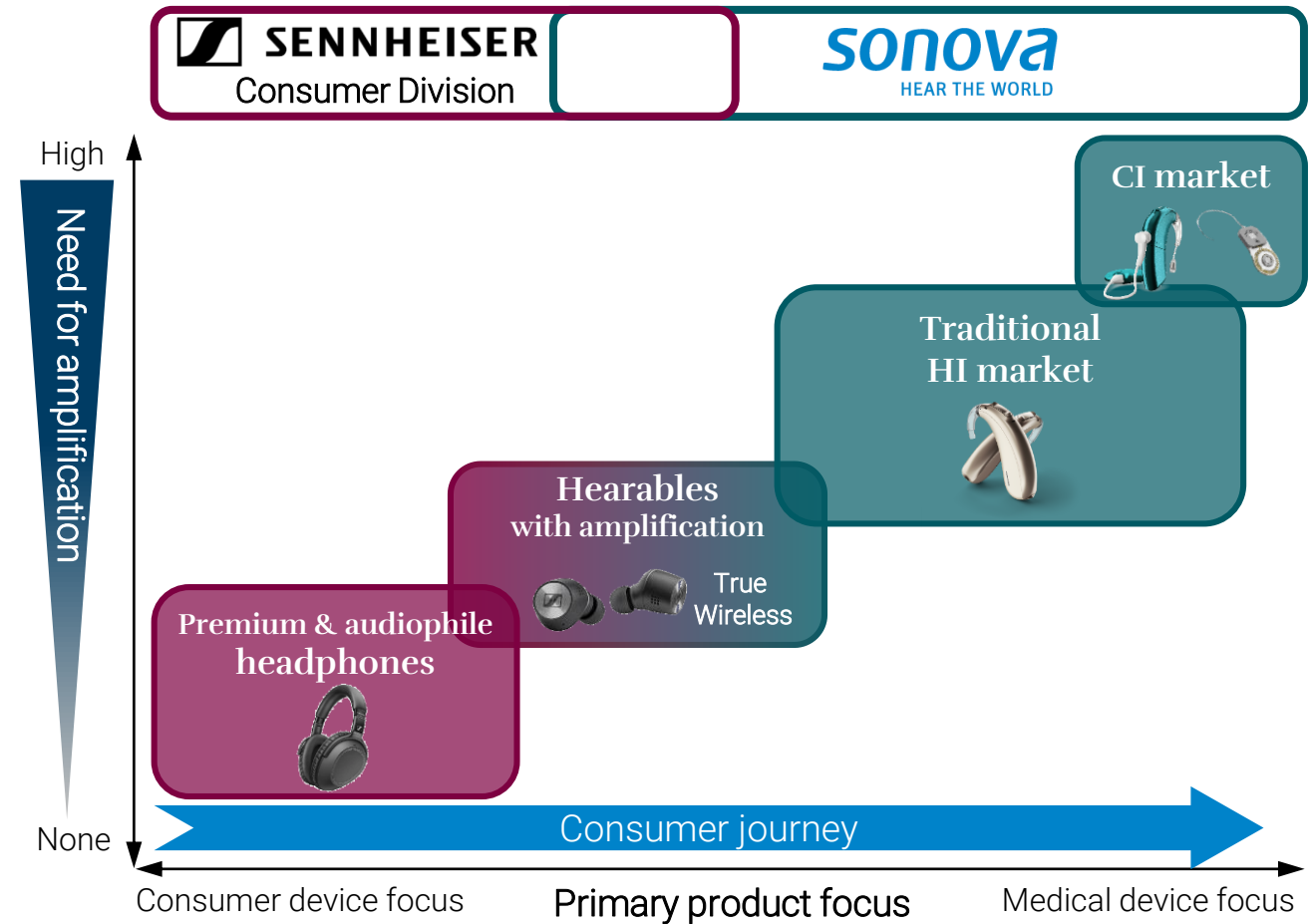
Expanding consumer reach & adding a new growth vector

Martin Grieder, GVP Consumer Hearing business
Stäfa, September 14, 2021

Planned acquisition of the Sennheiser Consumer Division

Deal rationale

- Joining forces in rapidly developing segment of **speech enhanced hearables**, jump-starting Sonova's own efforts
- Adding an **additional growth vector** by entering the fast-growing segment of True Wireless headsets
- Expanding reach by capturing potential hearing instrument consumers **earlier on their journey**
- Gaining **access to new channels** and leveraging the **strong Sennheiser brand**
- **Leveraging the combined strengths** of Sonova's audiological expertise and Sennheiser's know-how in premium sound delivery
- Exploiting **significant synergies** in production, R&D and channel access



► Expanding Sonova's reach along the consumer journey leveraging Sennheiser's well established platform

Common values and complementary strengths

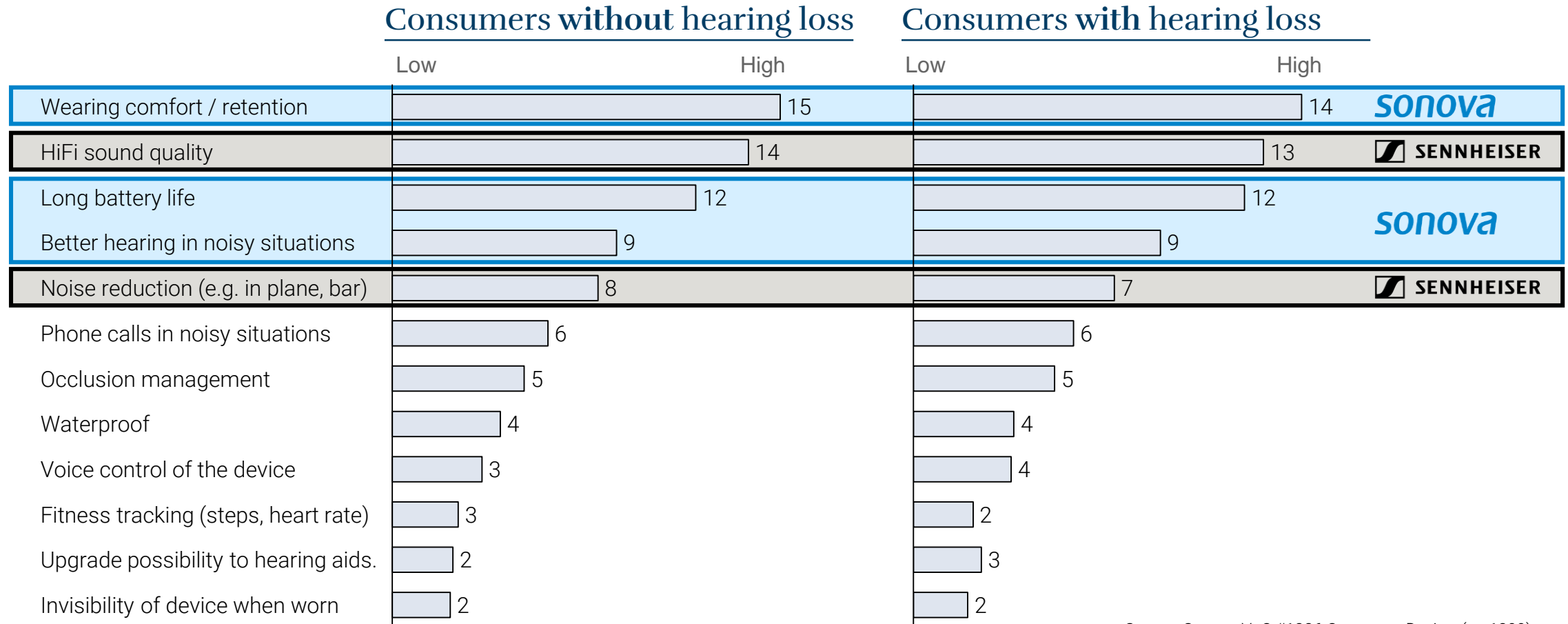
Sonova and the Sennheiser Consumer Division



► A great match – in terms of expertise, technologies and culture

Combined capabilities addressing key consumer needs

Key factors when purchasing next headphones



Source: Sonova VoC #1386 Consumer Device; (n= 1200)

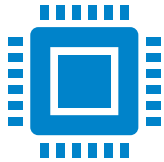
► Combination perfectly serves key consumer needs: better hearing, sound quality and wearing comfort

What Sonova can bring to Sennheiser Consumer Division

Strengthening Sennheiser



Proven **Sonova X business system** to focus on growth, continuous improvement & talent



Technology in the areas of miniaturization, wearing comfort, custom fit and battery life relevant for the True Wireless segment



Global Setup with **economies of scale** in purchasing and information technology amongst others



Access to large **audiological care sales channel** for selected product categories

► Sennheiser to be operated as a separate business unit while benefiting from Sonova Group capabilities

The planned acquisition

Status update and outlook

Current status



Carve out **on track**, closing expected in calendar year 2021



Anti-trust **clearance received** in all relevant jurisdictions

Outlook



Ambition to establish a **double digit growth** business, speech enhancement will be a significant part



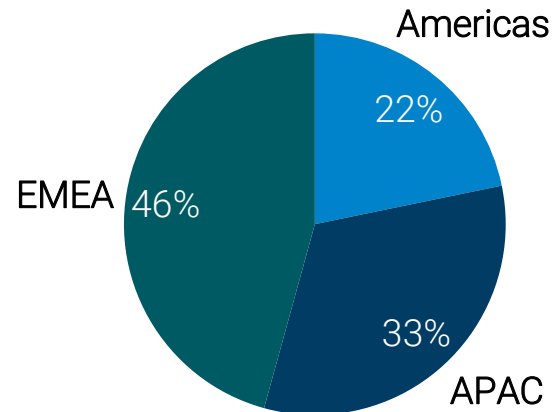
Increase of EBITA margin from mid single digit to double digit

► Carve out on track – strong growth ambition for the future with significant margin improvement potential

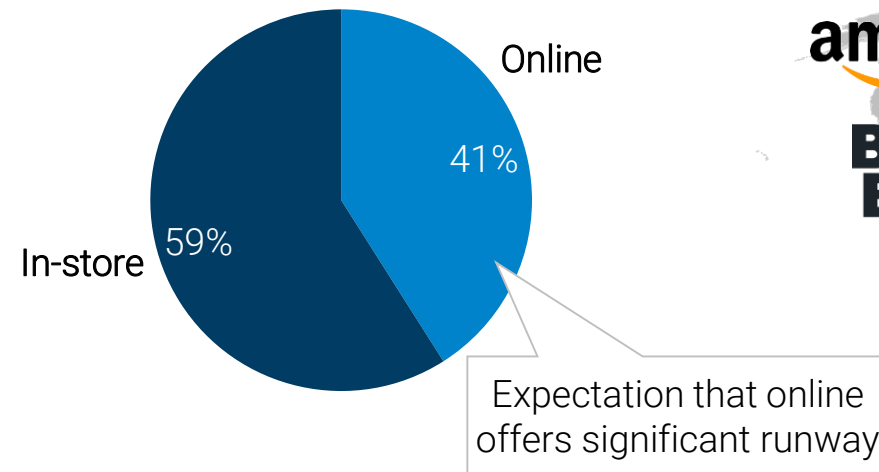
Global footprint with around EUR 250m sales annually

Regional revenue split & key customers for Consumer Division

Regional split



In-store/online



Key customers

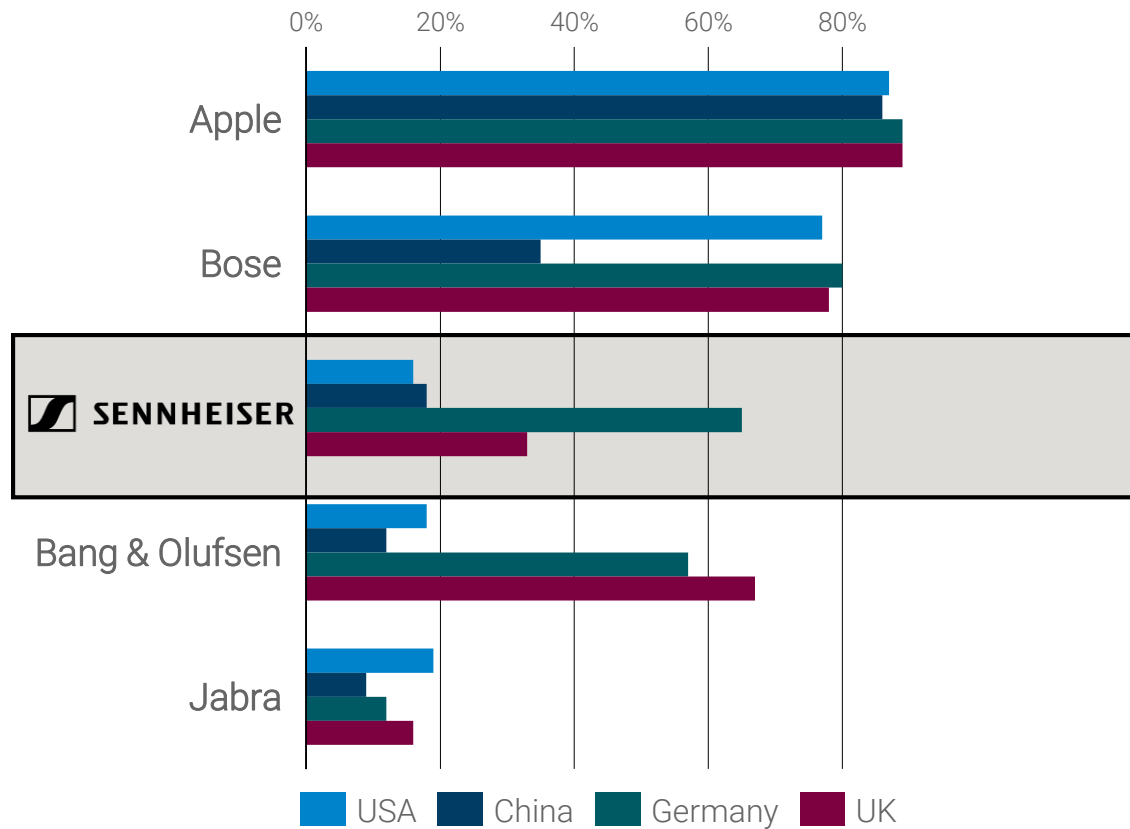


► Global sales presence with significant online business and strong key customer relationships

The Sennheiser brand

Brand awareness & commitment

Aided headphone brand awareness



Brand commitment rate

(Commitment¹ / Aided Brand Awareness)

~ 17%

~ 17%

~ 14%

~ 10%

~ 5%

Source: Sonova VoC #4375 on Consumer Brand (n= 2584)
1. Commitment represents the attitudinal purchase propensity to buy from a brand

► Sennheiser with solid aided brand awareness and loyal follower base, similar to big brands like Apple

Comprehensive product portfolio

Revenues by product category – Sennheiser Consumer Division

Premium Headphones

64%



Audiophile

18%



Enhanced Hearing

14%



Soundbars

4%



► Premium Headphones & Audiophile contribute 80%+ to revenues

Premium headphones segment

Sub segment characteristics



True Wireless

Segment size: 15.3 bn€

Future CAGR: double digit

Competitive strength: ++



Over-ear

Segment size: 4.4 bn€

Future CAGR: mid single digit

Competitive strength: ++



In-ear¹

Segment size: 4.3 bn€

Future CAGR: declining

Competitive strength: +

Source: Futuresource, 2020, calculated wholesale value; ¹ cabled and semi-wireless

► Key consumer needs are superior sound quality, attractive design and a high degree of wearing comfort

Sennheiser's True Wireless product portfolio

Superior Sound. No Compromise.

Good



CX True Wireless

€129.00 (launched in Jul 2021)

- TrueResponse transducer
- Passive Noise Cancelling
- Up to 27 hours playtime
- SBC, AAC and aptX BT codec support

Better



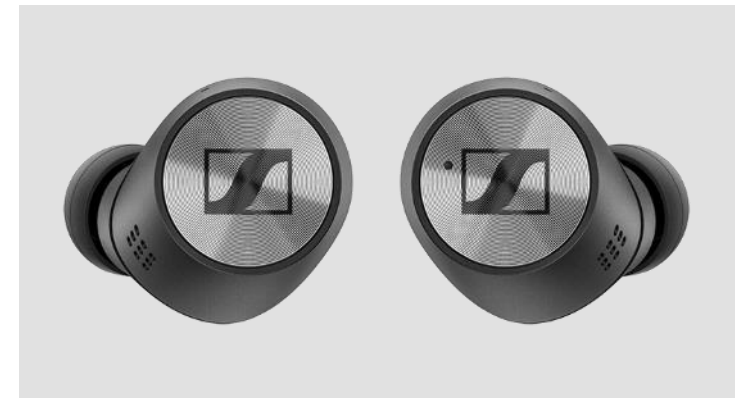
CX Plus True Wireless

€159.90 (Sep 2021)

- TrueResponse transducer
- Smart pause
- Improved ergonomics
- ANC & Transparent Hearing
- Up to 24 hours playtime
- SBC, AAC and aptX, aptX adaptive BT codec support

New
Launched
today

Best



MOMENTUM True Wireless 2

€299.00 (Apr 2020)

- TrueResponse transducer
- Smart pause
- MOMENTUM craftsmanship
- High-end sound tuning mode
- ANC & Transparent Hearing
- Up to 28 hours playtime
- SBC, AAC and aptX BT codec support

Note: Retail prices

► Sennheiser has built a competitive TW product portfolio over the last 18 months

Audiophile segment

Strengths



Our Heritage

Hand-made

Own transducers

Segment size: 200m€

Future CAGR: mid single digit

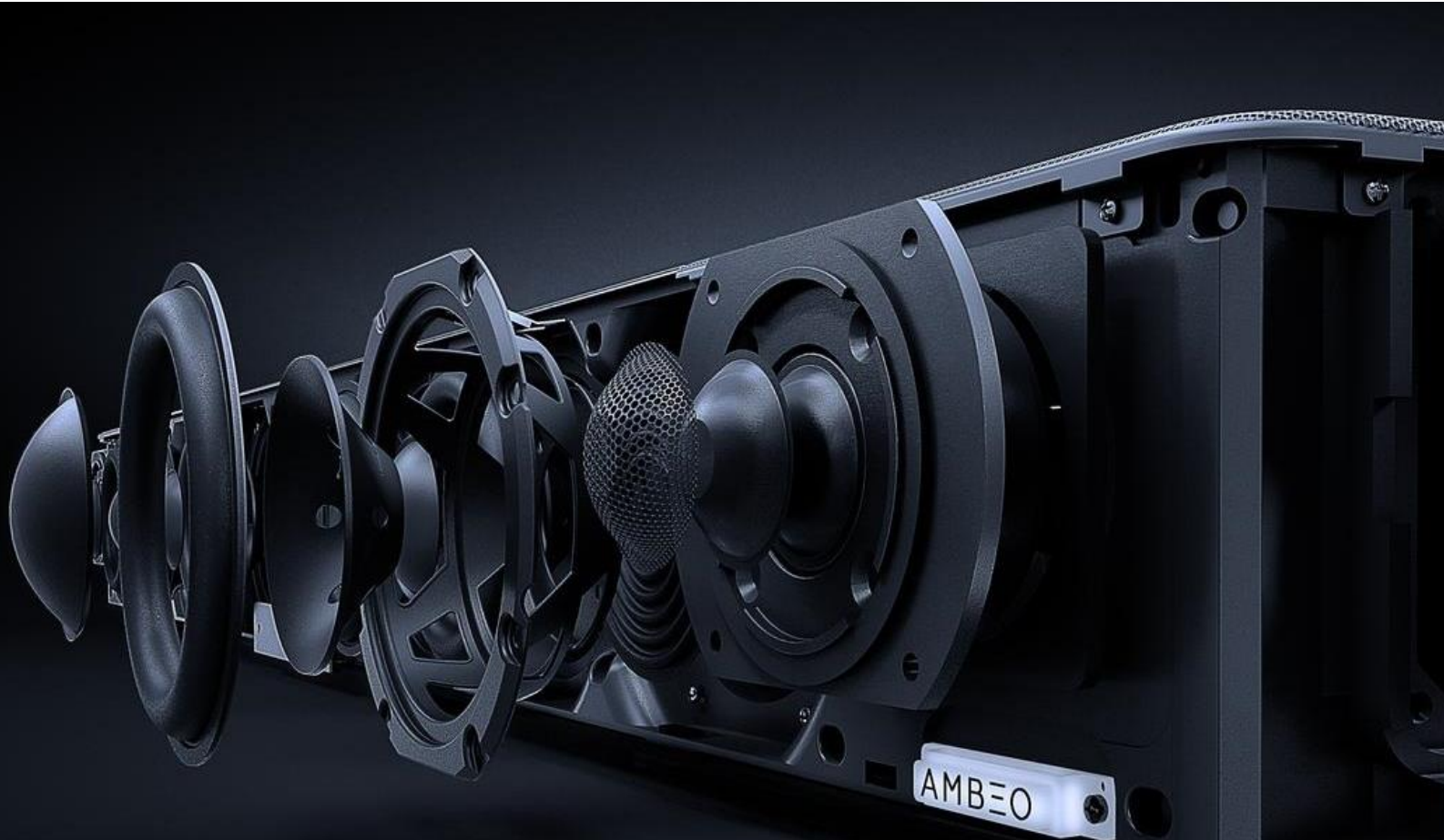
Competitive strength: +++

Source: Sennheiser estimate, 2020, wholesale value

- Heritage of the company's offering with strong market position and leading edge in sound quality

Soundbar segment

Strengths



Immersive 3D sound

Unique in the market

Auto-calibration

Segment size: 3.8 bn€

Future CAGR: mid single digit

Competitive strength: ++

Source: Futuresource, 2020, calculated wholesale value

- Successful market entry in 2019 targeting premium segment with best 3D/immersive audio experience

Enhanced hearing segment

Sub segment characteristics



RF transmitter + headphones

Segment size: 40m€

Future CAGR: low single digit

Competitive strength: +++



Stethosets

Segment size: 30m€

Future CAGR: low single digit

Competitive strength: +++

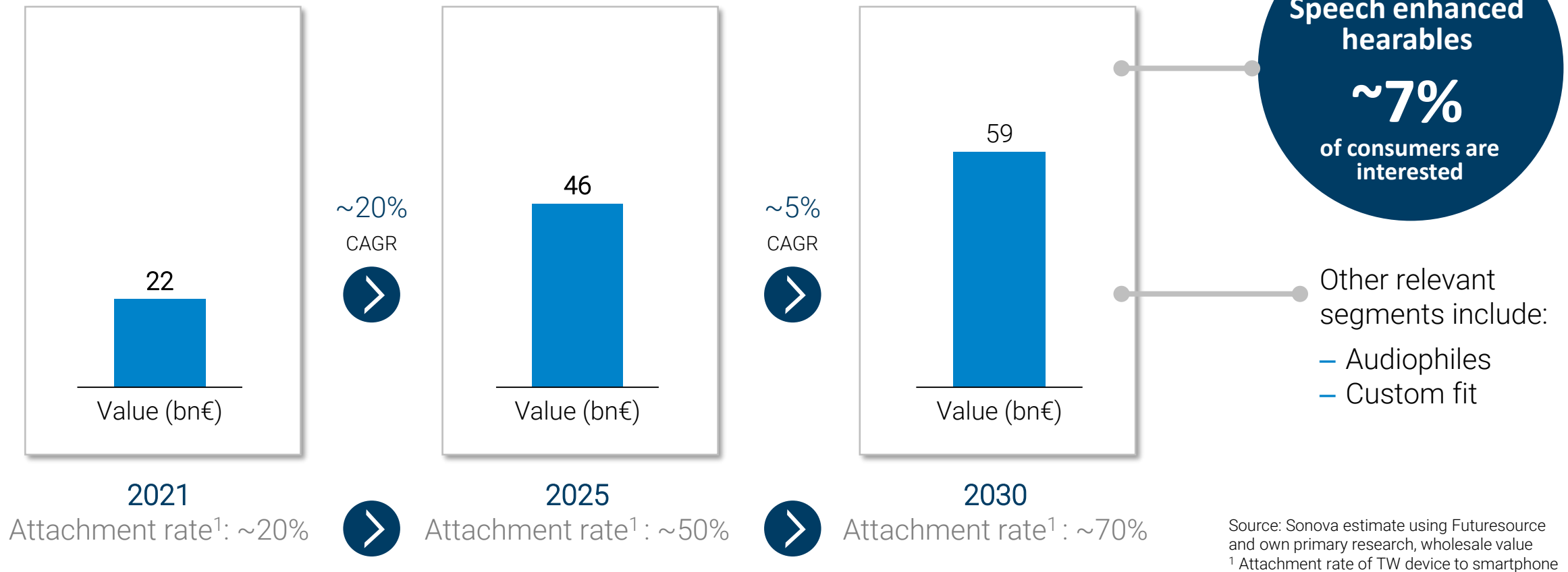
Source: Sennheiser estimate; EMEA & Americas only, wholesale value

► The leading brand, providing basis for speech enhanced hearables and serving Sonova's target consumer

True wireless potential

High growth segment with interesting sub segments where we have key competitive strengths

True wireless segment

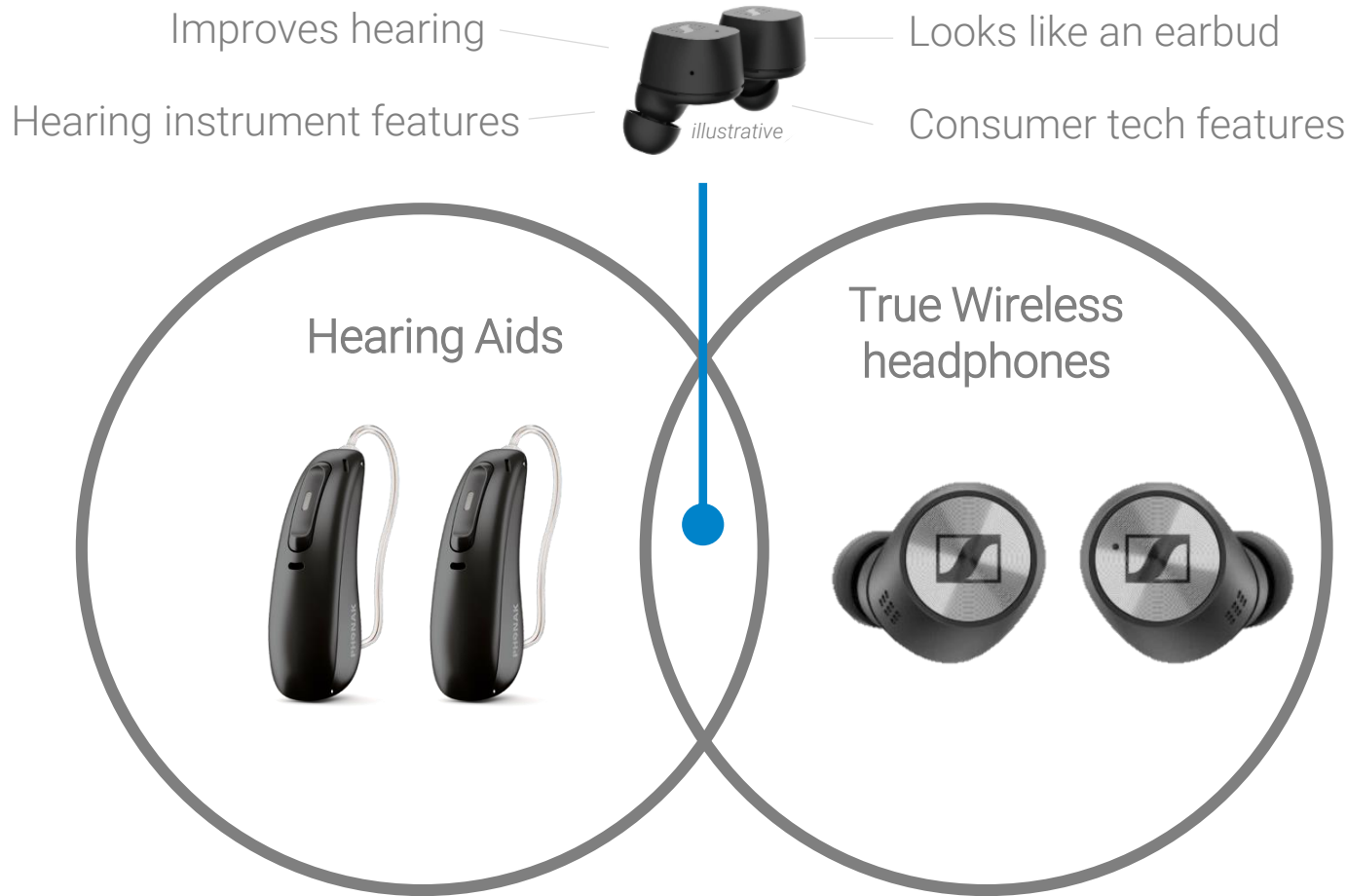


► True wireless segment growing fast with attractive sub segments to enter and grow in

New growth opportunity

Trends and drivers

Speech enhanced hearables



Consumer headphone, and hearing aid industries are converging and opening up new growth opportunities

Speech enhanced hearable segment could be > EUR 3 bn

Note: wholesale value

How to win in this emerging segment

Key success factors



Recognized consumer brand with strong credibility in the audio space



Technological and audiological know-how from the hearing instrument space



Digital speech processing, algorithms and chip technology



Technological know-how from the True Wireless and audio space



Established online & offline consumer audio channels



Established audiological sales channels

► Combination is ideally positioned for the successful entry into speech enhanced hearables segment

Market entry has been prepared for some time now

First products to be launched during 2022



Initial market analysis

completed



Speech enhanced hearables product development

On track



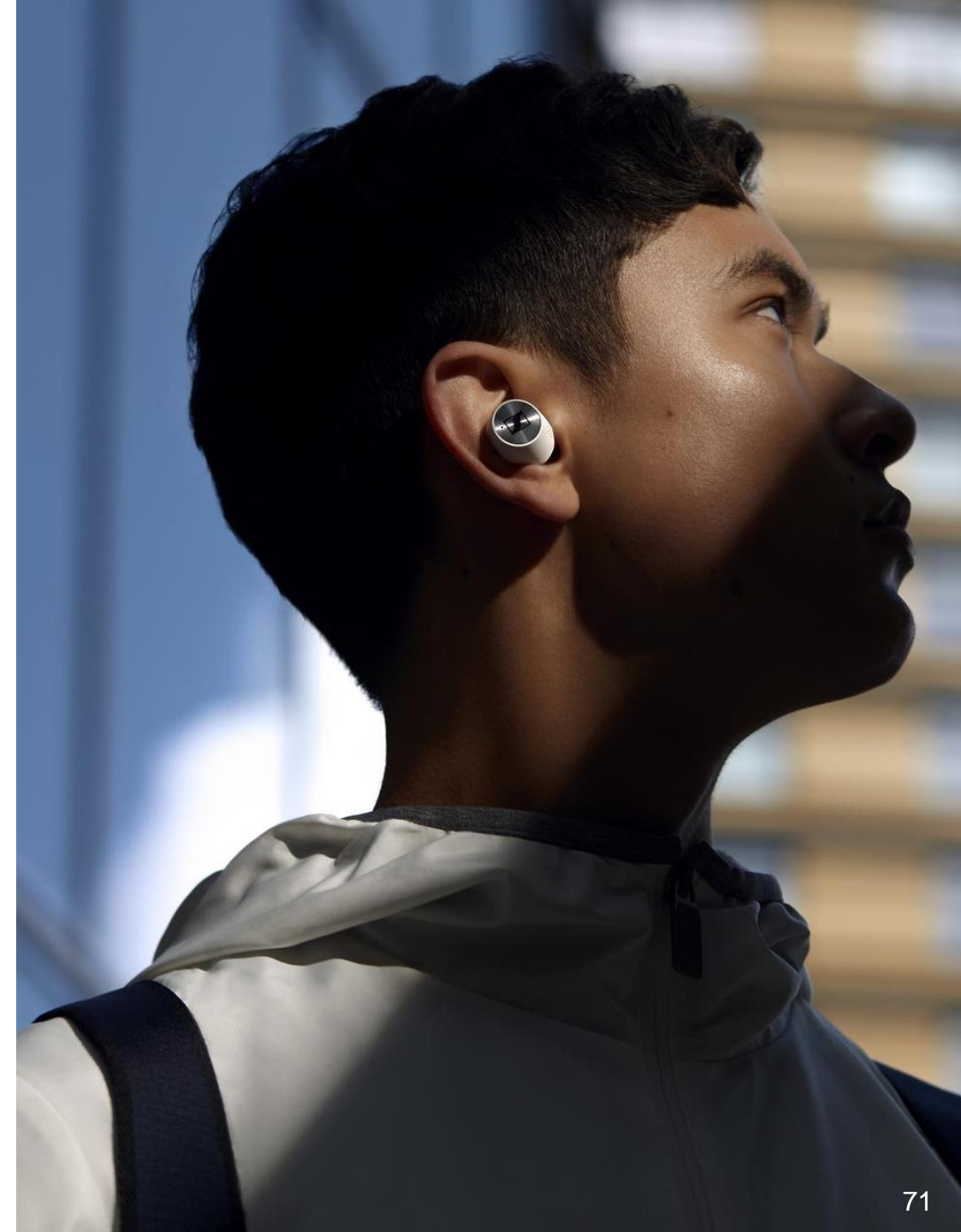
Access to channel, brand & sound technology

Sennheiser acquisition on track

► Launch of first speech enhanced hearable targeted for calendar year 2022

Sennheiser acquisition - successful entry into new growth segment

- Acquisition is **expanding Sonova's reach** along the consumer journey leveraging Sennheiser's well established brand, channel access and & technology
- Carve out of Sennheiser Consumer Division is **on track**
- Combination ideally positioned for the successful **entry into the speech enhanced hearables** segment
- Sennheiser Consumer Division to be treated as a **separate business unit** while benefiting from Sonova Group capabilities





ESG – Positively affecting our consumers, employees and society

Arnd Kaldowski, CEO & Ludger Althoff, GVP Operations
Stäfa, September 14, 2021

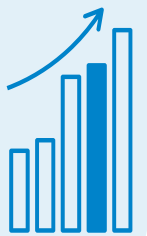
Drivers for strong ESG focus at Sonova

Increasing attention on ESG topics among all key stakeholders

- Growing relevance to attract and retain **top talent** and drive **engagement**
- Differentiation potential in **consumer marketing**
- Gaining attention in B2B business **tenders**
- Increasing importance in **investment decision** of shareholders
- Potential for operational **efficiency** improvements



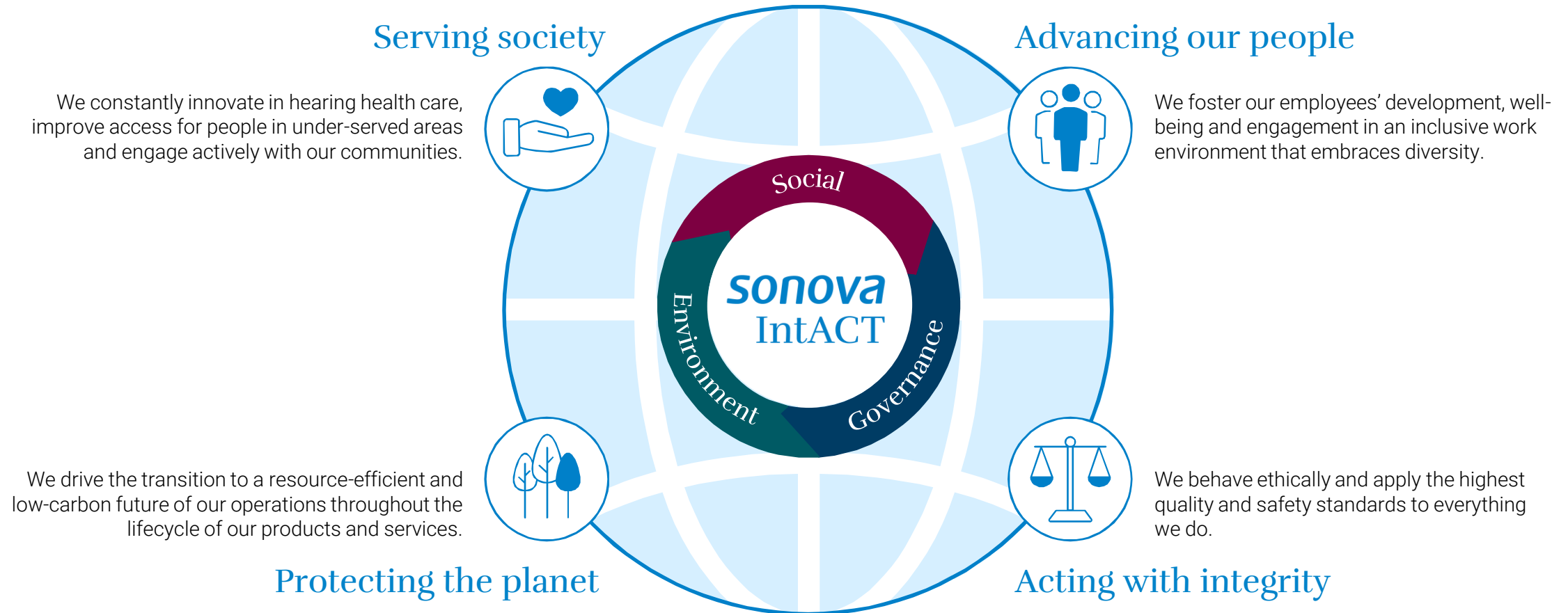
Improved
long-term
business
profitability



► Making ESG principles integral to the way we do business

Sonova ESG Strategy

IntACT framework



► Advanced ESG strategy focused on four strategic areas

Sonova's commitment to sustainable success

Elevated ESG commitments for Sonova



► Tangible, impactful and measurable ESG commitments

Driving ESG actions – Social dimension

Example – Diversity & inclusion strategy and actions

Sonova D&I Strategy 2.0

Diverse leadership
structure

Inclusive
culture

Empowered
employees

1. Governance | 2. Targets | 3. Hiring & development | 4. Training | 5. Communication



Enhancing D&I governance & engagement

- ▶ Global and regional D&I Councils
- ▶ Different employee resource groups formed (e.g. Wo/men's network, LGBTQ+, Hearing Loss)



Growing our share of female leaders

- ▶ At Sonova, 49% of our people leaders are female
- ▶ Group-wide actions to drive women in key positions from 34% to 40% (until 2025/26)



Training our global workforce on D&I

- ▶ Unconscious bias trainings for all people leaders and employees (until 2021/22)
- ▶ Wholistic D&I trainings for specific departments

▶ **Good progress in executing our Diversity & Inclusion priorities**

Driving ESG actions – Social dimension

Example – Talent development and internal promotions

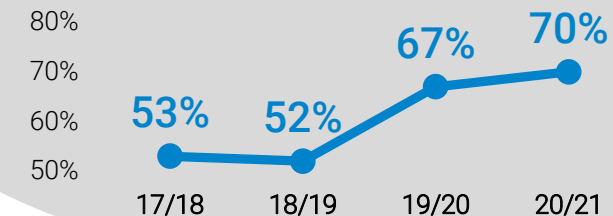
“Every employee deserves a development plan.”



90% of employees* have a development plan as of 1Q 2021/22

* excluding job roles in production/assembly, excluding AC Germany

70% of open leadership positions filled with Sonova employees in FY 20/21

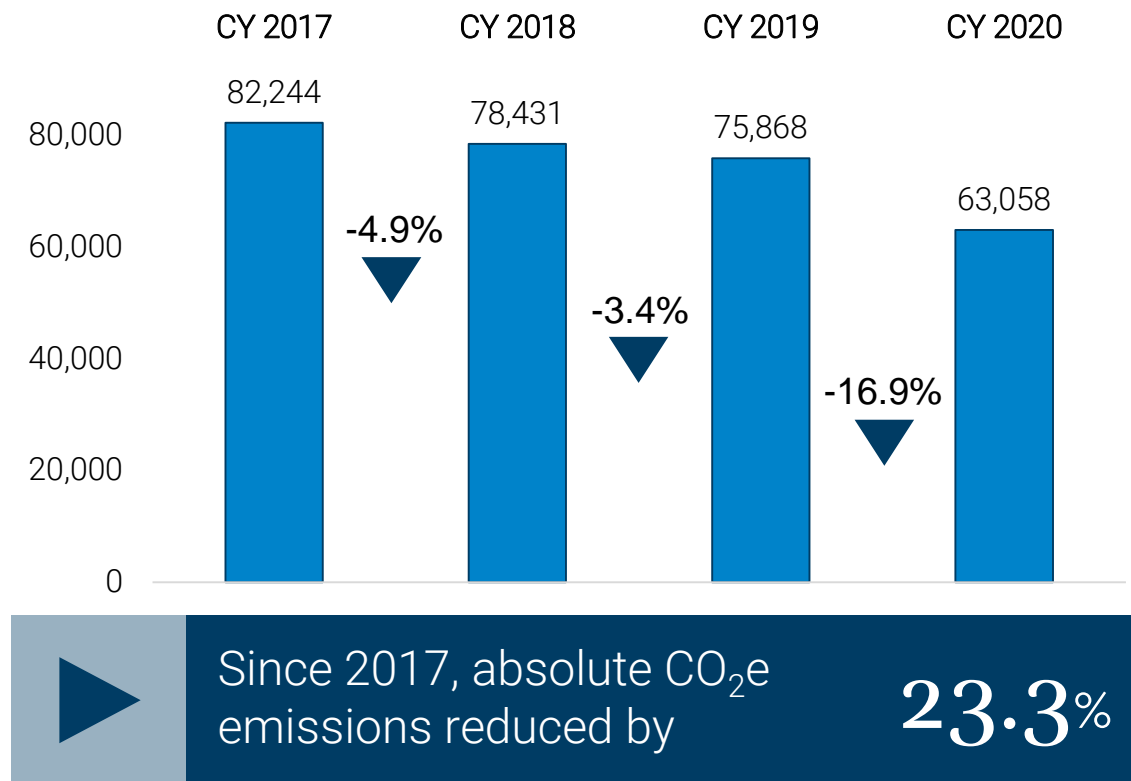


► Increased focus and success to develop leaders from within Sonova

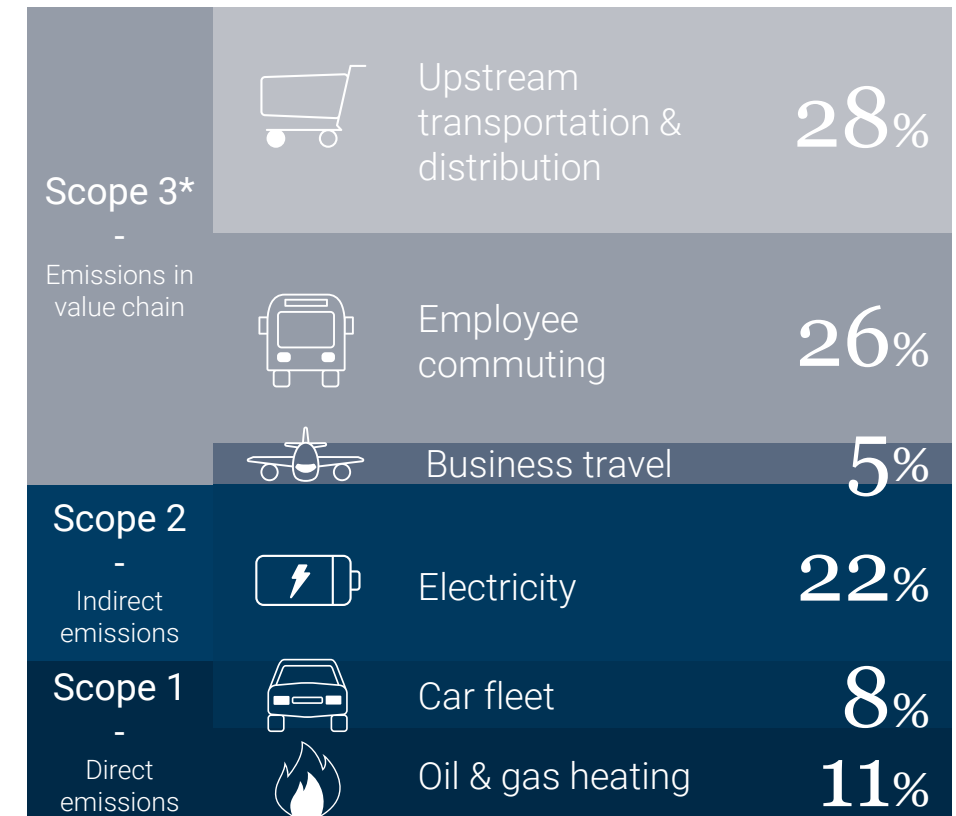
Environmental dimension – Energy & climate

Absolute reduction of global carbon footprint across Scope 1, 2 and 3

Carbon footprint reductions from 2017 – 2020
Absolute emissions in t CO₂e



Carbon footprint:
63,058t CO₂e (2020)

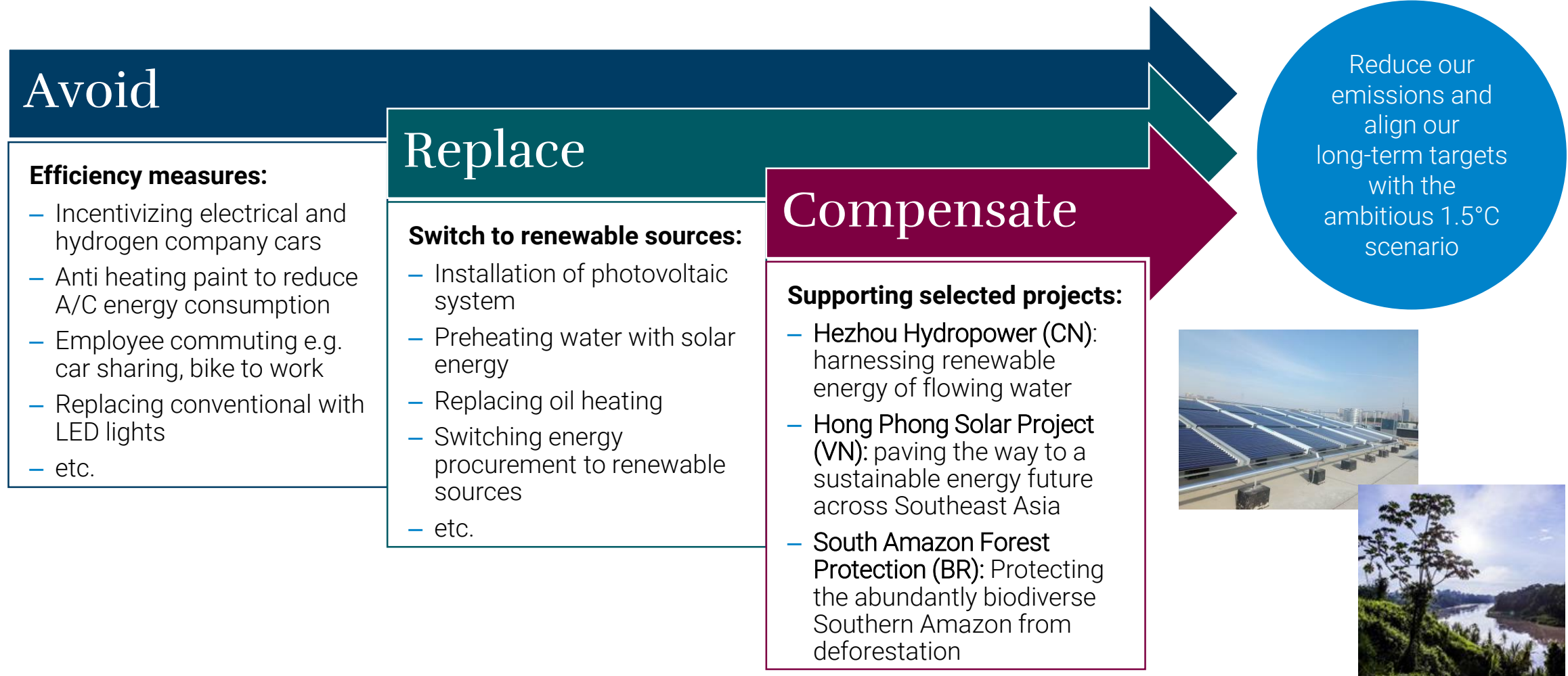


* Data on three Scope 3 categories reported for 2020. Sonova is currently conducting a full Scope 3 screening to determine other potentially relevant Scope 3 emissions.

► Continuous improvement of our environmental footprint over the past years

Environmental dimension – Energy & climate

Approach to CO₂ reduction & carbon neutrality



► Concrete measures to drive greenhouse gas emissions down in line with international frameworks

Driving ESG actions – Environmental dimension

Example – Select projects implemented to switch to renewable energy



Suzhou - China

Equipped with solar panels since the building opened in 2014 and allowing employees to charge their cars free from generated electricity



Murten - Switzerland

Inaugurated one of Switzerland's first office buildings which is carbon-neutral in its operations in 2021



Ho Chi Minh City – Vietnam

Equipped with solar panels since 2021 and further reduced electricity by anti-heat painting on the roof



► Significant projects around the world to reduce energy consumption and switch to renewables

Driving ESG actions – Environmental dimension

Example – SLIM Packaging: reducing hearing instrument packaging

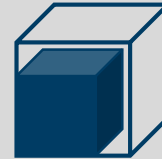


Results
(FY 2020/21)



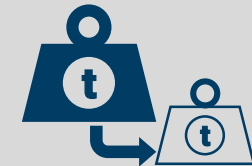
56%

of all Sonova BTE/RIC devices
use SLIM Packaging



50%

volume reduction
(307 m³)



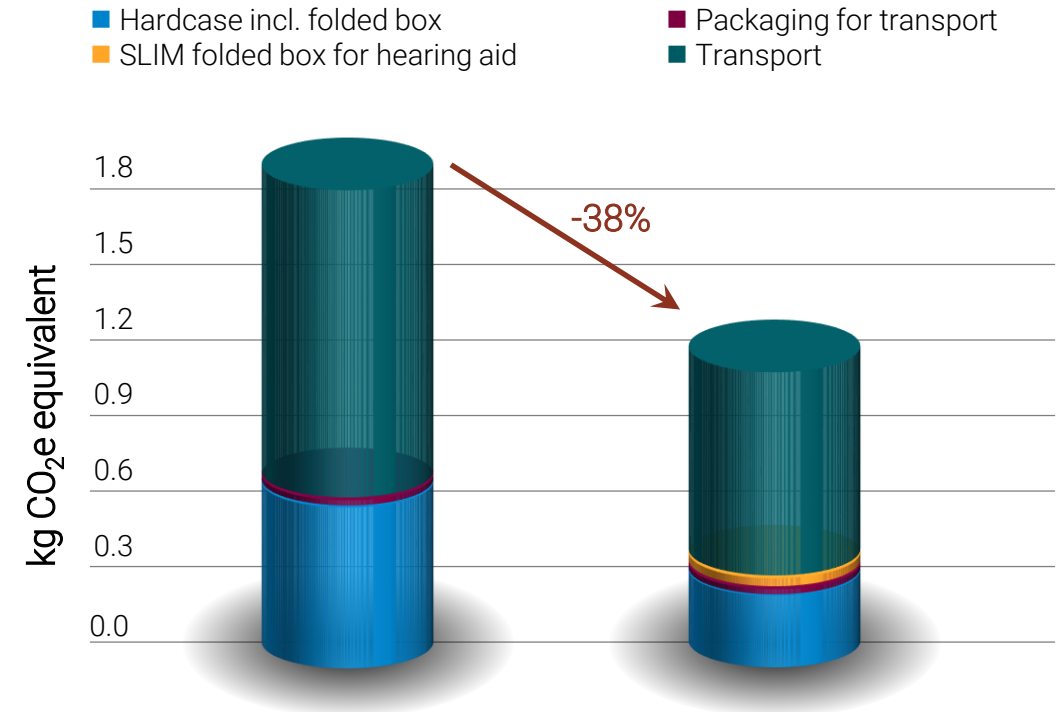
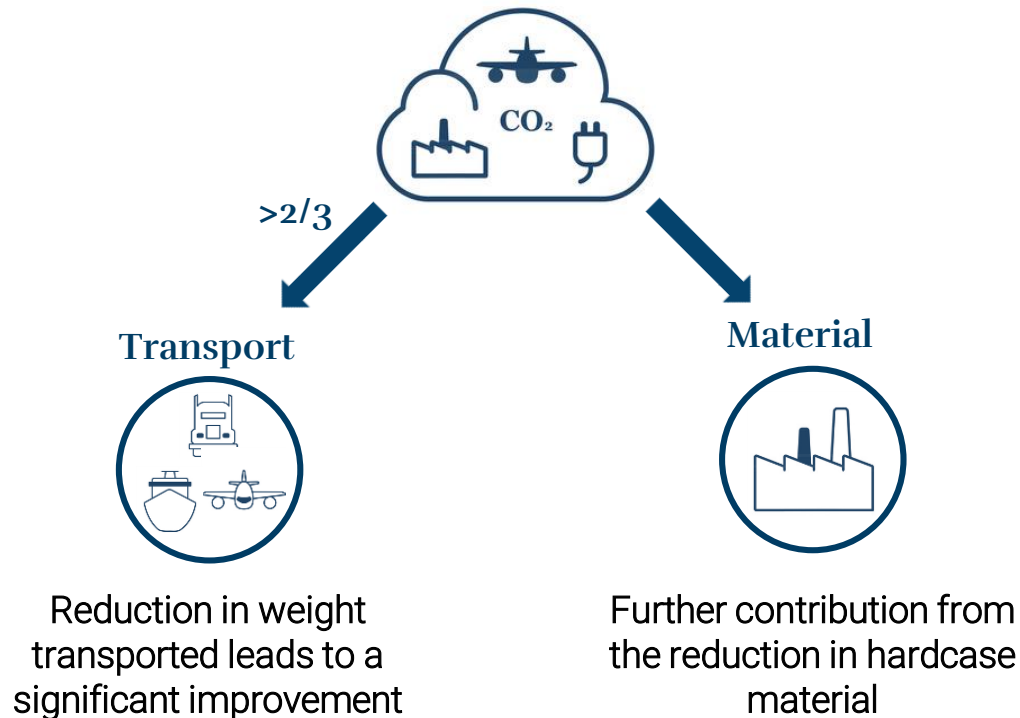
66%

weight reduction
(117t)

► Since Marvel, all Sonova BTE & RIC products use SLIM packaging resulting in significant reductions

Driving ESG actions – Environmental dimension

Example – SLIM Packaging: CO₂ emissions impact



Source: Data based on an internal comparative screening lifecycle analysis (LCA)

- Majority of the improvement driven by reducing the number of hardcases per pair of hearing aids from 2 to 1
- Packaging used for transport (e.g. extra cardboard boxes) and SLIM folded box for the hearing aid have an additional impact

► **38% reduction of CO₂ emissions per pair of hearing instruments, corresponding to saving of ~700g per pair**

Driving ESG actions – Governance dimension

Example – Product reliability improvement actions

Actions taken

Reliability improvement



Improved **robustness** of ear wax filter system on Titanium Custom In-the-Ear hearing instruments



>30%
from Belong
to Marvel
Titanium



Launch of **Virto™ Marvel** custom In-the-Ear hearing instruments



>15%
compared to
previous
generation



Strong progress in **improving reliability** of rechargeable technology including batteries and chargers

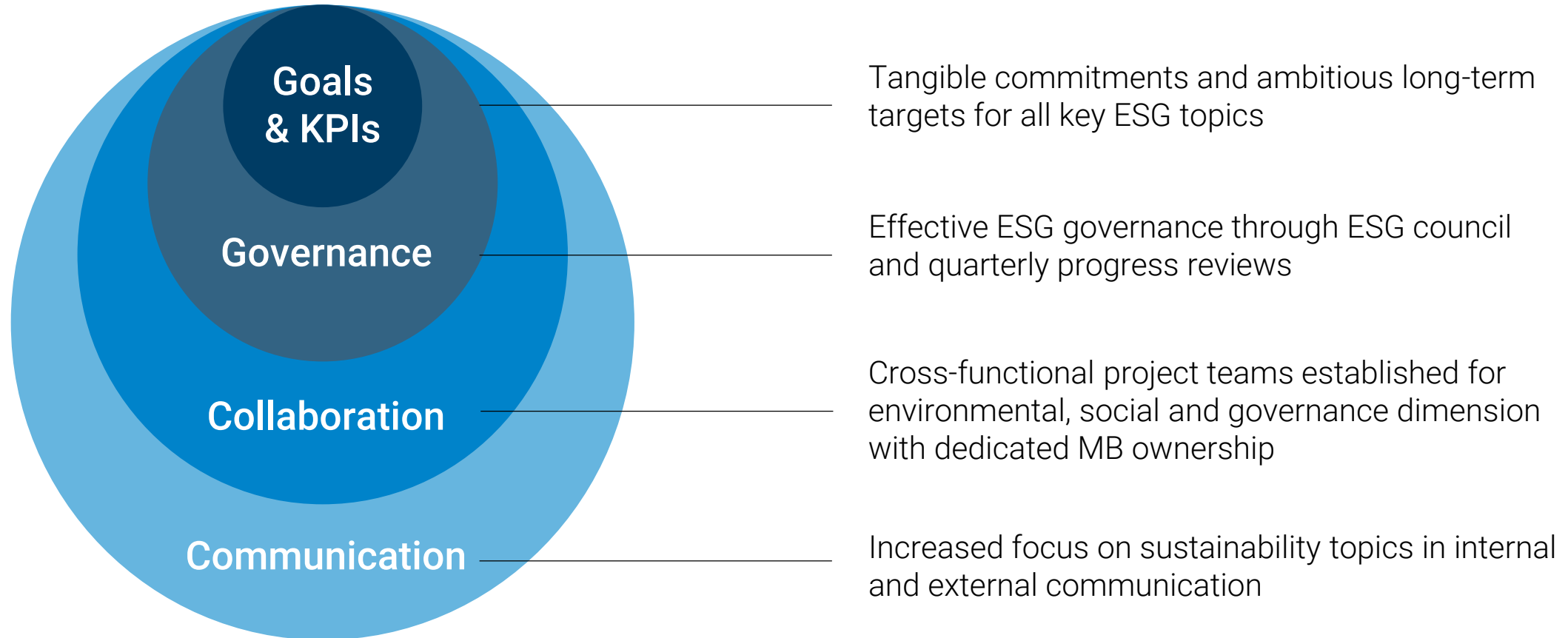


>30%
from Audéo™
Marvel to
Audéo™
Paradise

► We drive continuous improvements in reliability of our products

Key elements of the Sonova ESG Strategy

How to put the ESG strategy into practice



Sonova's ESG ratings and performance

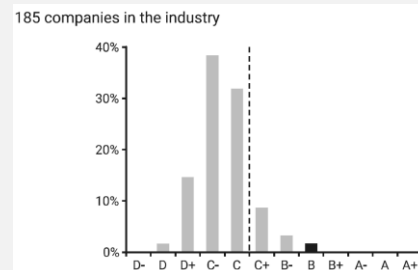
Commitment to sustainability is integrated in our business and culture

Sonova ESG ratings



B

Status: Prime (C+ or better)

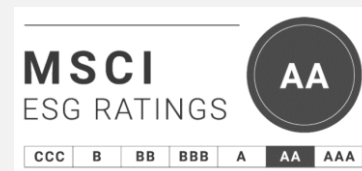


Last update: 06/2021



AA

As of 08/2021, Sonova received an MSCI ESG Rating of AA.



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Last update: 06/2021



Low Risk

ESG Risk Rating Ranking

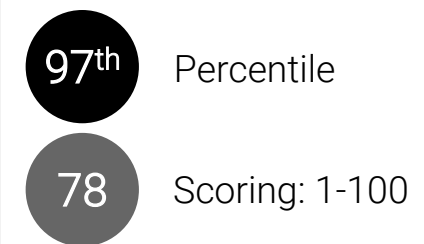


Last update: 08/2021

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Member

Status: Member DJSI world (72 or better) and DJSI Europe (64 or better)



Last update: 11/2020

► Consistently high rankings with major rating agencies confirm Sonova's industry-leading ESG performance

ESG is an integrated element of our strategy & culture

- We keep **advancing on our ESG journey** by driving tangible and impactful action and contribute towards a healthy planet and fair society
- Sonova has made clear **ESG commitments** and aims to track and optimize the performance with the same intensity as our key financial indicators
- Over the last years, we have achieved **good results** in executing our ESG priorities across all dimensions
- Our commitment to sustainability and our ESG performance has been **recognized by major rating agencies**

