



Sonova

HEAR THE WORLD

PHONAK unitron AudioNova

 SENNHEISER
Brand acquired by Sonova

 AB ADVANCED BIOLOGICS

Strategy and businesses

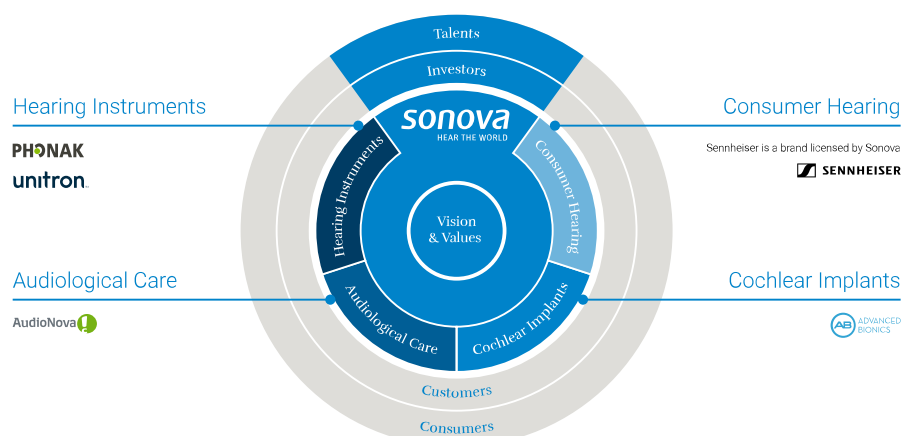
We aim to be each consumer's trusted companion on every step of their journey to better hearing.

Music, laughter, whispers, rushing water, rustling leaves... sound enriches life in every moment. Sonova's vision is to extend those moments into lifetimes, bringing the delight of hearing to ever more people. This means understanding the experience of each consumer at every stage, and developing innovative, bespoke solutions to meet each need: from personal audio devices that deliver immersive and enhanced sound experiences to medical products and services that treat every type of hearing loss.

The Sonova Group

As a leading global provider of hearing care solutions, the Sonova Group is a closely integrated business, harnessing technological innovation and ever-broadening access channels to establish deep and lasting relationships with consumers and hearing care professionals worldwide. The Group's comprehensive spectrum of solutions, fast-expanding range of digital sales and marketing channels, and disciplined approach to the innovation cycle foster close collaboration between its businesses and add value for consumers in every interaction.

The Group is comprised of four businesses serving four distinct customer segments, with complementary areas of specialization and extensive cross-sharing of technological and market expertise. Each business serves its market through one or more established and well-respected brands.



The Hearing Instruments business, through its Phonak and Unitron brands, sustains Phonak's more than 75-year tradition of innovation leadership in hearing aids and wireless communications devices with a regular launch cadence of new technology platforms. Each combines novel hardware and software advances to deliver step-change improvements in hearing performance and consumer experience.

Consumer Hearing, operating under license through the Sennheiser brand, enriches consumers' hearing experience with its range of audiophile and true wireless premium headphones and immersive soundbars, and now adds Sonova's audiological expertise to create enhanced hearing solutions that serve consumers earlier on their hearing journey.

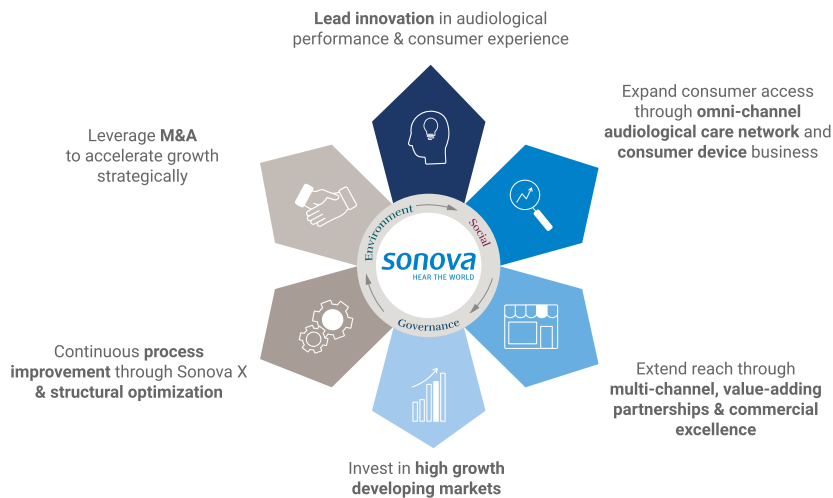
Audiological Care, represented by AudioNova and other strong national brands, connects directly to end-consumers, providing expert professional hearing care through an omnichannel approach that complements its expanding network of physical stores with increasing investment in digital interactions: online, through dedicated apps, and over the phone.

Cochlear Implants, operating under the Advanced Bionics brand, serves those people whose hearing loss is beyond the point where hearing aids can help, offering them the combined benefits of Phonak audiological performance and cochlear implant expertise.

Strategic progress continues

The past financial year has presented significant challenges. Macroeconomic volatility – specifically, the inflationary pressure that has both raised input costs and dampened consumer demand – has stress-tested many corporate strategies. Thanks to consistent implementation and a focus on execution, our strategy continues to deliver.

Our strategy calls for Sonova to lead innovation, expand consumer access, extend customer reach, invest in high-growth markets, drive continuous improvement, and leverage M&A to accelerate growth.



In each of these areas, we can report meaningful progress. The new Phonak Lumity technology platform and groundbreaking Sennheiser products extend our record of market-leading innovation. Our Digital Lead Generation Hub and World of Hearing stores let us present the full range of our solutions in an accurately targeted way to the consumers who will benefit most. Cooperation between the expanding salesforces in our Hearing Instruments and Cochlear Implants businesses allows us to bridge the gap between two significant phases of the consumer's hearing journey and generate new business for audiologists. Enlargement of our digital and physical footprint in China gives our omnichannel approach traction in a major growth market. Further improvements in productivity and efficiency across all of Sonova continue to strengthen the foundations of profitable growth. Finally, the significant expansion of our Audiological Care store network broadens our opportunities in a consolidating industry.

Underpinning this strategic progress is the Sonova eXcellence System, generally known as "Sonova X:" a structured methodology to improve core processes and free up resources to drive profitability and further investment in growth. Over four years of implementation, Sonova X has delivered significant gains across all our businesses, such as increasing productivity, reducing emissions, retaining and promoting in-house talent, and maximizing returns from sales opportunities. In the months since the acquisition of the Sennheiser Consumer Division, applying Sonova X at its production plant in Tullamore, Ireland resulted in a more than 40% increase in audiophile headphone output, with significant savings in labor costs and material. Recent initiatives in pricing excellence show our commitment to selling value and offsetting inflationary impacts despite a challenging environment.

Consumer access: an engine of growth

Everyone in the world is on a hearing journey – but each journey is personal. Our success depends on our ability to understand, anticipate, and fulfill the individual needs and aspirations of our consumers, sustaining long-term cost-effective relationships through whatever channels they choose.

All relationships must have a beginning, and increasingly their starting point is digital. Over the past years, our Audiological Care business has developed a sophisticated in-house digital marketing capability for online lead generation, qualification, and conversion. In the five major markets where it has been rolled out so far, the results have been very encouraging, with significantly higher conversion rates and better selling prices, and a full ten-year reduction in the average age of the consumer at first sale in the new channel. This combination of a broader market with more precise targeting also creates opportunities for new offerings, including medicalized services.

Our Consumer Hearing business already has around 60% of its sales originated online, and aims to significantly increase this proportion. An online consumer base that is already loyal to the Sennheiser brand for its uncompromising dedication to excellent sound quality can now choose early-entry hearing support solutions developed with Sonova expertise, opening up a whole new market segment and establishing a potential market entry point for providing over-the-counter hearing instruments.

Reaching consumers globally requires increasing our access channels – and in China, one of our highest growth potential markets, we are extending the scope of our sales and marketing capabilities. We have long-established Hearing Instruments and Cochlear Implants businesses in China, as well as a strong direct-to-consumer digital presence, with multiple online sales channels on all the major platforms. We are expanding our own successful AudioNova store network and have opened the first World of Hearing store in the Shanghai area. To further increase our reach, we acquired the HYSOUND Group in December 2022. HYSOUND is a highly professional national hearing care network with medical expertise and strong value creation across its more than 200 clinics, providing a strong platform for further expansion in this high-growth market.

Innovation that enriches life

Technological innovation is at the heart of Sonova – but not innovation just for its own sake. Our research and development efforts are dedicated to making real and significant improvements in the life of our consumers. That is why it is gratifying to see that our Phonak Audéo Fit, the world's first commercially available hearing aid with heart rate tracking, was included in TIME magazine's Best Inventions of 2022: inventions, as the editors said, "that are changing how we live, work, play, and think about what's possible."

This financial year saw the launch of the Phonak Lumity technology platform. Building on the foundations of the successful Marvel and Paradise platforms, Lumity enhances consumers' active participation in all moments of life by its sophisticated monitoring of the listening environment and direction of speech, improving understanding and ease of conversation in the most challenging situations.

Our Consumer Hearing business has taken innovation further by establishing an entirely new product category: the speech-enhanced hearable, launched with the Sennheiser Conversation Clear Plus earbuds. These provide all the features of our acclaimed true wireless premium earbuds with the added benefit of Phonak-developed technology to improve speech understanding in noisy environments. This hearing support capability helps bridge the gap between consumer audio products and prescription hearing aids.

Tinnitus affects between 10 – 15% of the adult population, many of whom report that it negatively affects their quality of life. Our Audiological Care business has therefore introduced SilentCloud™, an app-based mobile solution that optimally combines accessibility with advanced tinnitus management, including assessment, sound therapies, cognitive behavioral therapy, and counseling. SilentCloud™ helps to establish a strong consumer relationship, which (since tinnitus is often linked with a degree of hearing loss) can also give us the opportunity to offer one of our hearing aids.

ESG: an integral part of our business success

Sonova's long-standing commitment to good environmental, social, and governance (ESG) practice is based on straightforward business logic: we remain convinced that continuous and verifiable improvement in ESG performance is an essential contributor to long-term market success. In an uncertain global environment – one that includes climate change, talent scarcity, public health risks, macroeconomic instability, and armed conflict – it becomes even more important to accelerate action on sustainability, because, in our view, sustainable practice also sustains our business. Sonova continues to apply the same rigor and intensity to the improvement, measurement, analysis, and reporting of our ESG performance indicators as we apply to our financial ones.

We have made good progress in implementing IntACT, our ESG strategy, which specifies goals and concrete actions for key sustainability topics, including climate change, diversity & inclusion, employee health & well-being, human rights, and a responsible supply chain.

As one example, we have initiated further actions to reduce our global carbon footprint and have established ambitious climate targets that commit us to significantly reducing CO₂ emissions across our whole value chain in line with the standards set by the Science Based Targets initiative (SBTi). By 2032, Sonova aims to reduce its Scope 1+2 emissions by 78.3%, and Scope 3 emissions by 32.5% from their respective 2019 levels.

Major sustainability indices and rating agencies confirm Sonova's strong ESG performance: the 2022 Dow Jones Sustainability Index ranked Sonova second out of 268 companies in our industry. The disclosure ratings agency CDP gave us a grade of A-, in the top 12% in the healthcare equipment & supplies industry – putting us among the leaders for climate action and for transparency in reporting.

You will find detailed information and data in our [ESG Report](#), including a section on climate-related disclosures based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).



Feature story

Bringing the joy of hearing to everyone

Enabling people to hear well has always been the heart of what we do at Sonova. And wherever someone's journey towards better hearing begins, we want to be there for them. From personal audio devices to audiological care, hearing instruments and cochlear implants, customers can choose what's right for them through life. Each of our brands uses the most innovative technology and approaches to bring the joy of hearing to millions of people across the world, every day.

We want Sonova to have the best solutions for every stage of the hearing journey.

Arnd Kaldowski, CEO

The best sound, anywhere

Our Consumer Hearing business offers a better hearing experience long before somebody may need a hearing aid. The Sennheiser brand¹⁾ is recognized worldwide as "the future of audio", guaranteeing high-quality sound in its audiophile, premium true wireless headphones and earbuds.

Sennheiser headphones and hearing aids from Sonova brands such as Phonak and Unitron already have much in common, including state-of-the-art sound, comfortable fit, long battery life and noise reduction. Combining the best of both worlds opens up new possibilities for better hearing.

Early entry hearing devices such as Sennheiser's Conversation Clear Plus earbuds integrate hearing technology and audiological expertise, making conversation easier in noisy environments. This is just one example of how our personal audio devices enable people to hear the world how they want to – and with the best possible sound.

“My passion for music and Sennheiser make a great match.”

Milan Schlegel, Sennheiser customer and Sonova employee, Germany

Sound quality is all-important to Milan because music is his inspiration in life. He’s been making music since the age of 12. When he’s not recording or mixing tracks in his studio at home, Milan takes music with him wherever he goes. Milan wants to hear every detail, which is why he wears headphones from Sennheiser’s audiophile range. Milan’s Sennheiser HD 650 headphones let him tune into what he wants to hear.

He says, “I’m a sound geek. I like to deconstruct how music has been created and for that you need the best headphones.” As a lifelong fan of the brand, Milan was delighted when a job came up doing PR for Sennheiser audio products as part of Sonova’s Consumer Hearing unit. Personally and professionally, he’s living his passion for great sound.



Sennheiser headphones and speech-enhancing devices enable the wearer to hear every detail.

Truly personal hearing care

Every year, millions of people receive professional hearing care at our clinics and stores in 20 countries. AudioNova is Sonova’s best-known brand in this market.

Audiological Care at Sonova is an end-to-end service, spanning assessment, diagnosis, counselling, hearing solutions, and after-care from highly trained professionals. Every person’s hearing is different, which is why our audiologists work with each customer to find a solution that provides comfort and performance for their budget.

The relationship between customer and audiologist extends beyond diagnosis of a hearing problem. Maintenance visits and check-ups provide regular contact, often over many years. Since hearing loss can progress over time, this after-care ensures customers continue to receive personalized support and solutions.

Innovation across our brands does not only apply to products. The World of Hearing stores offer a state-of-the-art customer experience that's very different from the traditional clinic.

“My hearing aid has brightened up my life.”

Hao Shen Rong, AudioNova customer, China

Hao Shen Rong had been looking forward to immersing himself in his hobbies in retirement. His passions are calligraphy and the guqin, a traditional Chinese stringed instrument of great subtlety that requires a sensitive ear to play. Having lived with worsening hearing impairment for many years, it was his struggles with learning the guqin that led him to visit his local AudioNova store to consult an audiologist.

“I realized I could not put this off any longer,” he says. Hao Shen Rong was diagnosed with age-related hearing loss in both ears. His Phonak Audéo Paradise hearing aids were fine-tuned through follow-up visits and over WeChat messages with his audiologist. With the elegant sound of the guqin providing the soundtrack, he is now enjoying the retirement he always wanted.



Our clinic and store network provides local access to professional audiological care in 20 countries.

Innovation for life

Advances in connectivity and digital compatibility are driving the evolution of the hearing aid and its role in everyday life. Our Hearing Instruments business aims to provide hearing care professionals with solutions that make a positive difference to the lives of their customers.

Hearing loss should not prevent anyone from enjoying a healthy, active lifestyle, which is why our Phonak brand has a hearing aid that's waterproof and sweatproof. No-one should have to plan when and where they will be able to hear either. The Blu family of hearing aids from our Unitron brand adjust automatically to changes of environment to provide amazing sound in every situation.

Innovations like these help increase adoption of hearing technology. Many people diagnosed with hearing loss are reluctant to wear a hearing aid immediately, and it can take years of living with hearing loss before they do. We want to help remove that stigma so more people can live their lives to the full.

“Phonak’s innovation makes it easier for my customers to accept hearing aids.”

Steve Reinshuttle, hearing care professional, US

Having tried lots of hearing aid brands across his chain of 16 clinics in Florida, Michigan and Minnesota, Steve Reinshuttle knows what works best for his customers and for his business.

The quality of the hearing aids from Sonova’s Phonak brand eases customers’ concerns about living with hearing loss – and when they choose Phonak, Steve finds he doesn’t have to deal with many product returns.

Steve says Phonak’s commitment to innovation in audiology is second to none. And since his field of expertise is audiology rather than marketing, he really appreciates the business support that Phonak provides. He says, “I’ve been able to grow my business considerably thanks to Phonak’s products and their commercial experience. That’s why I love doing business with Phonak.”



As well as supplying hearing aids, we help hearing care professionals serve their customers through training, education, marketing and business support.

Experience every moment

For children and adults whose hearing loss is beyond what a hearing aid can help with, cochlear implant technology can be life-changing. Our Advanced Bionics brand is a pioneer and leader in this field. Their implants use the latest breakthroughs in hearing technology and draw on skills in sound quality and processing to exceed what most hearing aids can do.

Advanced Bionics was the first to introduce a sound processor especially for children. In addition to providing clear sound in classrooms, playgrounds and other noisy environments, the Sky CI™ Marvel supports children's learning and development by connecting with tablets, laptops and other digital devices via Bluetooth®.

“Imani’s hearing allows us to connect in such a beautiful way.”

Imani Fair, Advanced Bionics customer, US


Imani was just nine years old when she was diagnosed with severe hearing loss. Her mother was worried Imani would not be able to have all the experiences a young girl should have. But getting a cochlear implant from Advanced Bionics has enabled Imani to live the life she wants.

Little triumphs – like visiting the nail salon and getting her nails done just how she wants them – have helped her grow into an independent young woman who’s studying for a college degree. Her cochlear implant hasn’t stopped Imani from being a cheerleader, or working in a day care center. Her mother tells her, “I’m so grateful you can hear me say how proud I am of you. You are super amazing. You are unstoppable.”



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Strategy and businesses

Hearing Instruments business

We excel in an evolving marketplace through seamless delivery of services to our customers and innovation inspired by consumer needs.

Our Hearing Instruments business is a leading global developer and manufacturer of hearing aids marketed through our well-known Phonak and Unitron brands. We sustain continuous innovation through regularly-launched new technology platforms that support significant performance improvements across our broad product spectrum and through a wide range of distribution channels. Our emphasis is on providing the hearing performance that consumers demand: a clear, rich sound experience and speech understanding even in the most challenging environments. Our recent innovations in connectivity, digital applications, and sensor technology give us the opportunity to deliver fundamental improvements along each consumer's hearing journey and contribute to their overall health and well-being.

The Hearing Instruments strategy for market leadership builds on strong fundamental capabilities: our emphasis on hearing experience and ease-of-use, combined with ever closer consumer engagement, delivers an excellent consumer experience. Our long-standing and close relationships with hearing care professionals across the globe, supported by the breadth and quality of our product portfolio and value-creating services, help us to become the partner of choice for audiologists. Our commitment to audiological research, supported by focused investments in leading-edge areas such as chip technology, miniaturization, and artificial intelligence, gives us the innovation advantage to grow into the future while advancing hearing health and medical benefits. Our expertise in reaching the market through a broad range of precisely segmented and targeted channels provides a sustainable basis to expand the market and our market share.

Consumer-centered innovation

Hearing Instruments innovation is inspired directly by consumer needs: we evaluate each potential advancement by testing how it will directly improve the consumer's experience. Will it enhance hearing performance, increase speech understanding and reduce noise, like our AutoSense OS™ 5.0 technologies? Will it boost ease-of-use, like our Made for All™ connectivity solutions or our integrated app ecosystem? Or will it smooth the consumer's seamless buying journey, like our try-before-you-buy program, omnichannel purchase options, or 24/7 remote support services?

These market-leading innovations are brought together and further enhanced by Phonak's ground-breaking Lumity platform, launched in August 2022. Building on the highly successful Marvel and Paradise platforms, Lumity sets new standards in ease of communication and reduced listening effort^{1,2,3,4)}. Consumer studies reveal how important speech understanding is to them, especially in noisy environments. Being able to understand speech without effort – even when the speaker is beside, behind, or across the room from the wearer⁵⁾ – is essential for the experience of fully immersive, natural conversation in real-life situations.



To achieve this, Lumity opens a new dimension in directional microphone technology: the sophisticated StereoZoom 2.0 beam former assures a continually adapting, smooth, and unobtrusive focus on each conversation partner, while the new SpeechSensor capability provides 360-degree speech detection. The result is 16% better speech understanding from the front⁶⁾ and an average of 15% better speech intelligibility from the back and side⁷⁾. Beyond these, the SpeechEnhancer feature makes it easier to communicate with someone across a room. Like the other aspects of Phonak's SmartSpeech™ technology, these capabilities are fully adjustable by the consumer through the myPhonak app. All in all, Lumity offers a solution for every challenging communication environment in daily life.

Lumity has launched successfully in over 40 countries, and is initially available in the Audéo rechargeable RIC form factor – including Audéo Lumity Life, the second generation of the world's first rechargeable and waterproof hearing aid, which enables a healthy, active lifestyle without limitations. New charger case designs combine reliable recharging with versatility, including inductive charging. All Lumity hearing aids include our unique universal Bluetooth® connectivity with multiple connections, hands-free calling, and Tap Control for easy control of streaming functions, and now add the ability to monitor well-being data such as activity levels and step count. Over the next two years, we will extend these capabilities across our whole range of hearing aids, with new features added to the platform throughout our regular innovation cycle.

This year has been one of macroeconomic challenge in countries around the world, increasing input costs for manufacturers and reducing household spending. Despite this, we achieved a successful launch for Lumity through a disciplined approach to commercial excellence with a particular emphasis on value capture to offset some of these headwinds. Important launch metrics for Lumity such as penetration and repurchase rates are on track to match the outstanding performance of its predecessors.

Sonova is very active in researching hearing care in the broader context of healthy living. We regularly collaborate with prominent independent research institutions and universities on clinical studies investigating the relationship of hearing loss to other health problems such as cognitive decline, balance, and reduced physical activity. Several studies on the possible impact of hearing aids in slowing cognitive decline are expected to be published during 2023. We also support studies that investigate the impact of hearing aids on social interaction and networks, as well as on physical activity and overall health. As a market leader, we welcome the opportunity to help advance the science of hearing health and medical solutions: the knowledge gained helps to drive our innovation, deepen our consumer understanding, and expand our commercial horizons.

Striving for excellence in the customer experience

Originating with the Phonak brand, our Hearing Instruments business has worked to deliver an excellent experience to its wholesale customers for more than 75 years: providing continuous innovation and market-leading hearing performance across a broad solutions portfolio backed by services, software, and trusted relationships in more than 100 countries. We understand how customer needs differ across our various markets, which include independent audiological practices, ENTs, managed care providers, government agencies, retail chains, and buying groups. An end-to-end integrated sales and marketing process, backed by our proprietary segmentation and sales channel alignment initiative, allows us to approach each customer through the appropriate channel with the right value proposition, enabling us to win over competitive accounts. We support our customers with bespoke marketing and training, along with a range of hardware and software solutions, including remote fitting, that speed audiology workflow and add value for their consumers.

The Sonova X business system, now rolled out in 80% of our key markets, gives us a powerful range of tools to enhance customer satisfaction and profitable growth; these have led to marked improvement in key metrics over the past three years, including a 40% rise in sales productivity. It has also given us methodologies to capture the value of the outstanding proposition that we make to our market through higher prices: in a year of inflationary challenges, we have taken the lead with a lifecycle pricing strategy that also gives our customers the support they need to secure the appropriate return for the premium solutions they provide.

- 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, accessed February, 2022.
- 2) Latzel, M & Hobi, S (2022) ActiveVent™ Receiver provides benefit of open and closed acoustics for better speech understanding in noise and naturalness of own voice perception. Phonak Field Study News retrieved from www.phonakpro.com/evidence, accessed May 2022.
- 3) Thibodeau L. M. (2020) Benefits in Speech Recognition in Noise with Remote Wireless Microphones in Group Settings. *Journal of the American Academy of Audiology*, 31(6), 404–411.
- 4) Latzel, M., Lesimple, C. & Woodward, J. (2022). New implementation of directional beamforming configurations show improved speech understanding and reduced listening effort. Phonak Field Study News retrieved from www.phonak.com/evidence.
- 5) Latzel, M., Lesimple, C., & Woodward, J. (2023). Speech Enhancer significantly reduces listening effort and increases intelligibility for speech from a distance. Phonak Field Study News. retrieved from www.phonak.com/evidence.
- 6) Compared to fixed directional.
- 7) Compared to conventional acoustic coupling.



Strategy and businesses

Consumer Hearing business

Creating early, meaningful engagement with consumers through extraordinary audio and hearing experiences, while expanding the market for all of our businesses.

We emphasize our vital role throughout each consumer's individual, life-long hearing journey. The joy of catching every nuance in a musical performance; the excitement of being swept up in a film soundtrack; the happiness of shared, clear conversation around a table, without distracting noise... these are all pleasures that can be extended and sharpened by our solutions long before a hearing loss is recognized.

For more than 75 years, the Sennheiser brand has stood for uncompromising commitment to sound quality. In acquiring the Sennheiser Consumer Division, the Group has added its own expertise in enhancing speech clarity, comfortable fit, and miniaturization. Under the Sennheiser brand, our Consumer Hearing business pursues the vision of extending its leadership in premium consumer audio – while becoming a go-to brand for situational hearing solutions.

Consumer Hearing has four product categories: premium headphones, audiophile products, hearing solutions, and soundbars for an immersive audio experience. Our strategic product priorities include a focus on the premium audiophile segment, building on Sennheiser's strong brand and state-of-the-art transducer technology; extending our offering in premium True Wireless in-ear headphones that match superior sound quality with custom fit and sensor expertise; and shaping the emerging consumer hearing market with early-entry hearing solutions that bridge the gap between audio products and hearing aids.

Sonova and Sennheiser: coming together, moving forward

The acquisition of the Sennheiser Consumer Division closed in March 2022, and since then the transition into a combined business has proceeded quickly and smoothly. The joint senior leadership team is in place and has successfully integrated our teams supporting consumer hearing solutions in product development, operations, and sales organizations worldwide. Sonova's vision and culture have proven to be a close and natural fit with the Sennheiser brand and people. The Sonova X business system of continuous improvement, including process optimization, lean manufacturing, and growth tools, has started to generate meaningful productivity gains, supporting our planned margin expansion for the Consumer Hearing business.

A combined innovation roadmap has generated an impressive 12 product launches in this financial year, four of which represent significant steps forward in key business areas and are described below. Despite global supply chain challenges shared with other electronics industries at the beginning of the year, all Consumer Hearing products are fully available in all significant markets, and sales have grown year-on-year well beyond the consumer audio industry growth average. This outperformance is due both to our innovative product portfolio and to our emphasis on high growth sales channels and regions.

Among the seven strategic initiatives defined by the Consumer Hearing team, three focus on our go-to-market priorities, aiming to secure the advantages that have helped to generate this year's sales performance. We aim to increase the proportion of online sales from 50% to 75% over time, allowing us to get ever closer to our consumers and control our brand and pricing destinies. We are investing in data analytics and CRM automation to optimize our digital marketing, performance insights, and digital consumer experience, extending each contact into a full hearing journey. We are also continuing to build our audiophile leadership positions in key growth markets, specifically the US and China, increasing brand awareness along with our online sales activities.

A step forward in every category

Our consumers, like us, take sound seriously: they expect each new Sennheiser branded product to extend the boundaries of their audio experience. The market response to our product launches in this financial year – covering all our strategic product categories – shows that we have achieved this goal.

In True Wireless, a particularly high-growth segment, we introduced in April 2022 the MOMENTUM True Wireless 3 earbuds, which set new standards for sound quality, adaptive noise cancelation, and wearing comfort – along with long battery life, wireless charging, and a splash-resistant design that makes them the perfect companion for an active life. They are rated “Best True Wireless Headphones” by Trusted Reviews and have boosted our share of the True Wireless market in all key countries.

The MOMENTUM 4 wireless noise-canceling headband headphones, launched in August 2022, are an audiophile's dream, defining – once again – the standard for sophisticated listening with superior sound. An entire acoustic system in a compact, beautifully-designed package, they feature brilliant dynamics and clarity, user-controllable sound modes, supreme comfort, and effortless phone and voice assistant interaction, coupled with an unprecedented battery life of more than 60 hours. The audiophile press regularly rates them as top in their class.

Our AMBEO soundbar range harnesses sophisticated signal processing and self-calibration to create the sensation of a vast 3D soundscape in a compact package, turning the smallest room into a concert hall, a stadium – or a savannah. Launched in October 2022, the AMBEO Soundbar Plus and AMBEO Sub extend this remarkable performance in two directions: a smaller format and, thanks to the AMBEO Sub's clear and powerful bass response, a deep and immersive sound experience “designed to give you goosebumps.”

Entering the early entry hearing solutions market

The first Sonova-developed product launched under the Sennheiser brand was the TV Clear Set, which reached the market in May 2022. Building on Sennheiser's leading position in the television listener market, TV Clear Set adds enhanced speech clarity, easy connectivity with multiple devices, extra wearing comfort, and a straightforward but powerful app that allows users to personalize their experience.



Watching television, however, is only one situation where enhanced speech clarity can enrich the consumer's sound world. We therefore launched in January 2023 our first speech-enhanced hearable device: the Sennheiser Conversation Clear Plus. These compact earbuds establish a new category of early entry hearing solutions: devices that support and enhance hearing in specific situations, such as busy restaurants or noisy worksites, while at the same time providing an excellent sound experience. They can be used whenever the user wants to enjoy effortless clear conversations, by detecting and analyzing the sound scene, adjusting their response, and activating adaptive noise cancelation. An independent study shows that 95% of users experienced significant speech enhancement in noisy situations when using the product¹⁾.

One year in, the Consumer Hearing business is off to a good start, delighting consumers with a great sound and hearing experience, and pursuing the aim of reaching consumers wherever their hearing journey starts.

1) Conversation Clear Plus performance study, FORCE Technology, 2022.

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Strategy and businesses

Audiological Care business

We continuously expand consumer access and engagement, offering the highest level of expert service and technology through an integrated omnichannel experience.

As the world's second-largest hearing care provider, our Audiological Care business employs over 8,600 people in more than 3,900 clinics, operating in 20 countries across five continents. We provide each consumer with the closest individual attention, understanding their needs and supplying expert professional advice and services along with best-in-class customized hearing solutions. Our strategic priorities are to expand consumer access and achieve profitable, above-market growth through a combination of organic initiatives and network expansion.

A fundamental driver for profitable growth in Audiological Care is the continuous improvement of our processes and optimization of our clinic network, embodied in the Sonova X business system. Each year, we aim to provide faster and better services for our consumers, maximize the value-generating time that our audiologists spend with their customers, and sharpen the precision of our lead generation. Building on this foundation, we pursue further digitalization of the consumer journey, deepening engagement through our omnichannel sales approach and making effective use of the contacts generated through our consumer apps. We are extending our consumer proposition with new product categories, including the Sennheiser branded offerings from our Consumer Hearing business, and new medical services, such as our SilentCloud™ tinnitus management app, promoting the connection between good hearing and good overall health. Finally, we continue to increase the density of our presence in key markets through targeted acquisitions and new greenfield openings.

Expanding market access

This year, we have continued to get closer to consumers by expanding our physical presence in tandem with our digital ecosystem. We added over 400 locations to the previous year's gain of more than 500 clinics and around 900 employees, including expert hearing care and digital marketing professionals. In the US, our March 2022 acquisition of Alpaca, one of the country's largest independent networks, contributed to doubling the number of clinics in this strategic market, adding a strongly complementary footprint in regions with high sales growth potential. The transition has progressed very smoothly, with a combined leadership team in place and strong progress on our growth initiatives. It is clear that we have highly similar visions for audiological care, emphasizing expert service and premium solutions coupled with a high degree of medicalization and value creation. The transition to products from our own brands in the network was completed in the last quarter of the financial year.

In China, a key growth market for us, our strategy has been to first establish a strong digital presence, hosting our branded app and digital ecosystem on TenCent's popular WeChat platform. We now have multiple branded sales channels across all major online platforms, including online Phonak flagship stores on JD and Alibaba's T-Mall. This broad and deep digital presence has given us significant brand recognition and provided us with valuable understanding of the needs and preferences of Chinese consumers, enabling further consumer-centered expansion.

We initially supplemented our digital presence by developing a successful network of fifteen AudioNova stores in the Shanghai region, joined by a full service World of Hearing store, which sets a new standard for audiological care in China. Additionally, in December 2022, we completed the acquisition of HYSOUND, a highly professional national network of more than 200 clinics in 70 cities across China, employing 600 experts in audiology. HYSOUND is an excellent fit for our Audiological Care business, strong on medical expertise and with a level of price, sales, and audiologists per clinic similar to European networks. We welcome our new colleagues and look forward to supporting them through our omnichannel proposition.

Augmenting the hearing journey

Over the past three years we have created an integrated digital ecosystem that gives consumers full freedom in how they access our range of products and services, and allows us to address their needs in a comprehensive, efficient, and personalized way. In-store, in-app, online, or on the phone – booking an appointment, buying an accessory, accessing a service – consumers can interact with us wherever and whenever they wish, confident in the knowledge that we will respond with the combined power of our digitally-linked expertise.

State-of-the-art lead generation is a vital function that brings consumers into this digital ecosystem. Started in 2019, the Audiological Care in-house Lead Generation Hub has the mission to engage new consumer segments more cost-efficiently, while building up our proprietary consumer database and digital competencies. The ultimate aim is to provide each prospective consumer with personalized marketing information, so that they know what we can do for them before they even walk into a store. In the five markets where the Lead Generation Hub has been implemented, this initiative has produced excellent results: sales conversion rate is up by double digits compared to external lead acquisition. The average sales basket value is higher than the country average, while the average new consumer age is approximately ten years younger – significantly increasing the life-long value of each consumer. Moreover, the brand familiarity generated by effective marketing gives us an opening to propose further targeted solutions, including medicalized services or other audio and hearing devices.

Broadening the consumer proposition

The Audiological Care business deepens its relationship with each consumer by opening further channels for interaction and service, bringing our expertise into play at every point of the hearing journey. This increasingly allows us to make the connection between hearing health and health in general – both through new sensors and capabilities in our solutions and through the digital services with which we support them.



In February 2023, we announced the launch of our SilentCloud™ app, a powerful medically-regulated tool for self-paced tinnitus management that offers therapies, education, and counseling. Tinnitus affects 10 – 15% of the adult population; other than hearing loss, tinnitus is the condition that our consumers most want us to address. Consolidating a range of proven therapies recommended in well-established clinical guidelines, SilentCloud™ enables users to actively manage their tinnitus from home while being guided by one of our trained audiological care experts. The app's content has been validated in numerous clinical trials and showed significantly positive outcomes. SilentCloud™ is currently available in Belgium and Italy; a rollout in further countries will follow later this year.

The MyAudioNova app, launched in April 2023, is the easy-to-use but powerful access key to the digital universe of Audiological Care. Thanks to our unique universal connectivity, the app links to the consumer's hearing instrument, enabling remote connection to our audiologists for expert advice and adjustment, along with hearing education and training programs such as SilentCloud™. The app also gives the consumer full access to our omnichannel eCommerce and service capabilities, including booking an appointment or getting in contact with an audiologist for technical or medical support.