

The Sonos Story

SONOS



May 2025 Investor Presentation

Forward Looking Statements

This presentation contains forward-looking statements that involve risks and uncertainties. These forward-looking statements include statements regarding our outlook for the fiscal quarter ending June 28, 2025; our long-term outlook; our long-term focus, financial, growth, and business strategies and opportunities; our transformational cost initiative; tariffs; growth metrics and targets; go forward run rate operating expenses; our ability to manage operating expenses; our business model; product mix, new products, product categories and services; our ability to expand our footprint with existing customers; profitability and gross margins; changing component costs and related inventory balances; market growth and our market share; our total addressable market; our incremental revenue opportunity; our operating model and cost structure, our expectations with respect to restructuring and related charges and the timing and amounts of such charges; and other factors affecting variability in our financial results.

These forward-looking statements are only predictions and may differ materially from actual results due to a variety of factors, including, but not limited to: difficulties in and effect of implementing improvements to our operating model and cost structure; the risk that restructuring and related charges may be greater than anticipated or not occur in the expected time frame; local law requirements in various jurisdictions regarding elimination of positions; our ability to accurately forecast product demand and effectively forecast and manage owned and channel inventory levels; our ability to introduce software updates to our redesigned app on a timely basis and otherwise deliver on our action plan to address issues caused by our redesigned app and our customer commitments; our ability to maintain, enhance, and protect our brand image; the impact of global economic, market, and political events, including tariffs, global trade tensions, continued inflationary pressures, high interest rates and, in certain markets, foreign currency exchange rate fluctuations; changes in consumer income and overall consumer spending as a result of economic or political uncertainty or conditions, including tariffs; changes in consumer spending patterns; our ability to successfully introduce new products and services and maintain or expand the success of our existing products; the success of our efforts to expand our direct-to-consumer channel; the success of our financial, growth, and business strategies; our ability to compete in the market and maintain or expand market share; our ability to maintain relationships with our channel, distribution and technology partners; our ability to meet product demand and manage any product availability delays; supply chain challenges, including shipping and logistics challenges and component supply-related challenges; our ability to protect our brand and intellectual property; our use of artificial intelligence; and the other risk factors identified in our filings with the Securities and Exchange Commission (the “SEC”), including our Annual Report on Form 10-K and subsequent filings. Copies of our SEC filings are available free of charge at the SEC’s website at www.sec.gov, on our investor relations website at <https://investors.sonos.com/reports-and-filings/default.aspx> or upon request from our investor relations department.

All forward-looking statements herein reflect our opinions only as of the date of this presentation, and we undertake no obligation, and expressly disclaim any obligation, to update forward-looking statements herein in light of new information or future events, except to the extent required by law.

Non-GAAP Measures

We have provided in this presentation financial information that has not been prepared in accordance with US generally accepted accounting principles (“GAAP”). We use these non-GAAP financial measures to evaluate our operating performance and trends and make planning decisions. We believe that these non-GAAP financial measures help identify underlying trends in our business that could otherwise be masked by the effect of the expenses and other items that we exclude in these non-GAAP financial measures. Accordingly, we believe that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to a key financial metric used by our management in its financial and operational decision-making. Non-GAAP financial measures should not be considered in isolation of, or as an alternative to, measures prepared in accordance with US GAAP.

We define Adjusted EBITDA as net (loss) income adjusted to exclude the impact of depreciation and amortization, stock-based compensation expense, interest income, interest expense, other income, income taxes, restructuring and other charges, legal and transactional related fees and other items that we do not consider representative of our underlying operating performance. We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue. We define free cash flow as net cash from operations less purchases of property and equipment. We define non-GAAP gross margin as GAAP gross margin, excluding stock-based compensation and amortization of intangible assets. We define Non-GAAP Operating Expenses as operating expenses less stock-based compensation expense, legal and transaction related costs, amortization of intangibles, and restructuring and other charges. We calculate constant currency growth percentages by translating our current period financial results using the prior period average currency exchange rates other charges as net income (loss) less stock-based compensation, legal and transaction related fees, amortization of intangibles and restructuring and other charges. We calculate non-GAAP diluted earnings per share excluding stock-based compensation, legal and transaction related fees, amortization of intangibles and restructuring and other charges as net (loss) income less stock-based compensation, legal and transaction related fees, amortization of intangibles and restructuring and other charges divided by our number of shares at fiscal year end.

We do not provide a reconciliation of forward-looking non-GAAP financial measures to their comparable GAAP financial measures because we cannot do so without unreasonable effort due to unavailability of information needed to calculate reconciling items and due to the variability, complexity and limited visibility of the adjusting items that would be excluded from the non-GAAP financial measures in future periods. When planning, forecasting, and analyzing future periods, we do so primarily on a non-GAAP basis without preparing a GAAP analysis as that would require estimates for certain items such as stock-based compensation, which is inherently difficult to predict with reasonable accuracy. Stock-based compensation expense is difficult to estimate because it depends on our future hiring and retention needs, as well as the future fair market value of our common stock, all of which are difficult to predict and subject to constant change. In addition, for purposes of setting annual guidance, it would be difficult to quantify stock-based compensation expense for the year with reasonable accuracy in the current quarter. As a result, we do not believe that a GAAP reconciliation would provide meaningful supplemental information about our outlook.

Sonos at a Glance

SONOS

2002

Founded

\$1.52B

FY24 Revenue

16M+

Household Install Base

3.08

FY24 products per Household

44%

Products Registered to Existing
Household Install Base

18

Flagship Products

6

Categories

4,300+

US Patents and Applications

Broad Product Portfolio Spanning Variety of Price Points and Use Cases

Home Theater



Ray
\$199



Beam
\$499



Arc Ultra
\$999



Arc
\$899



Sub Mini
\$429



Sub
\$799

Speakers



Era 100
\$199



Era 100 Pro
Available Through
Select Installer Partners



Era 300
\$449



Five
\$549

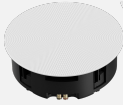
Components and Architectural



Amp
\$699



Port
\$449



Sonos and Sonance
8" In-Ceiling
\$999



Sonos and Sonance
6" In-Ceiling
\$659



Sonos and Sonance
In-Wall
\$659



Sonos and Sonance
Outdoor
\$879

Headphones



Ace
\$449

Portables



Roam 2
\$179



Move 2
\$449

Partnerships



IKEA SYMFONISK

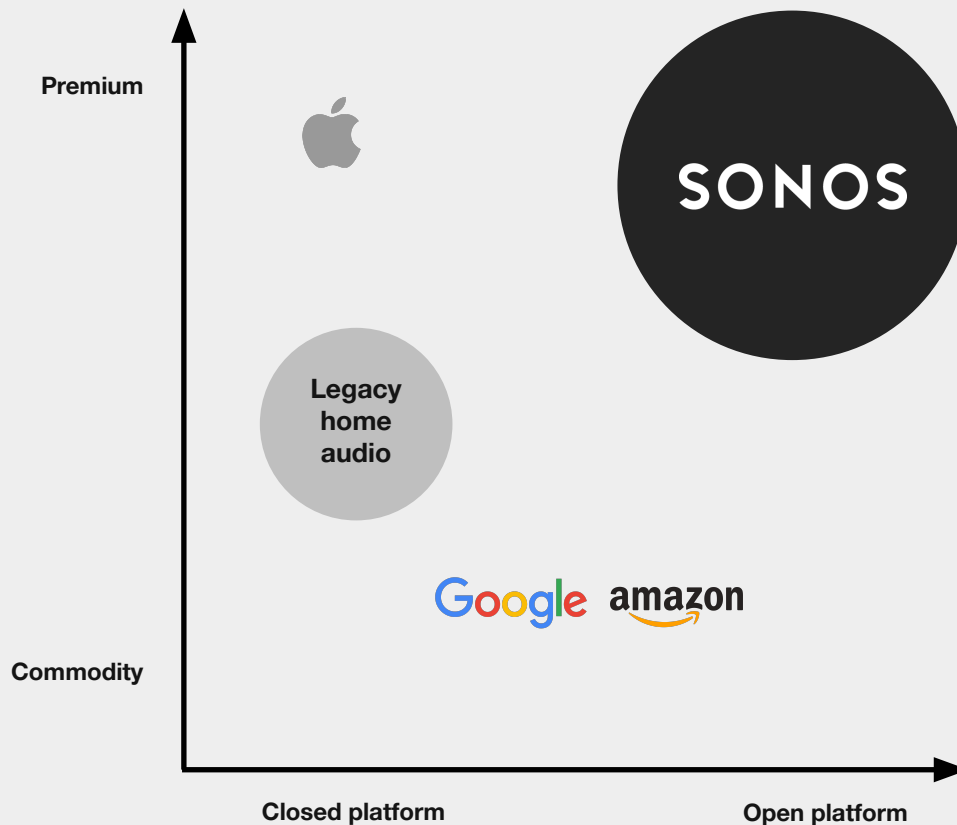
Market Position

Sonos is differentiated by our unique combination of an open content and control platform with high-quality, premium hardware that spans a variety of form factors, use cases, and price points.

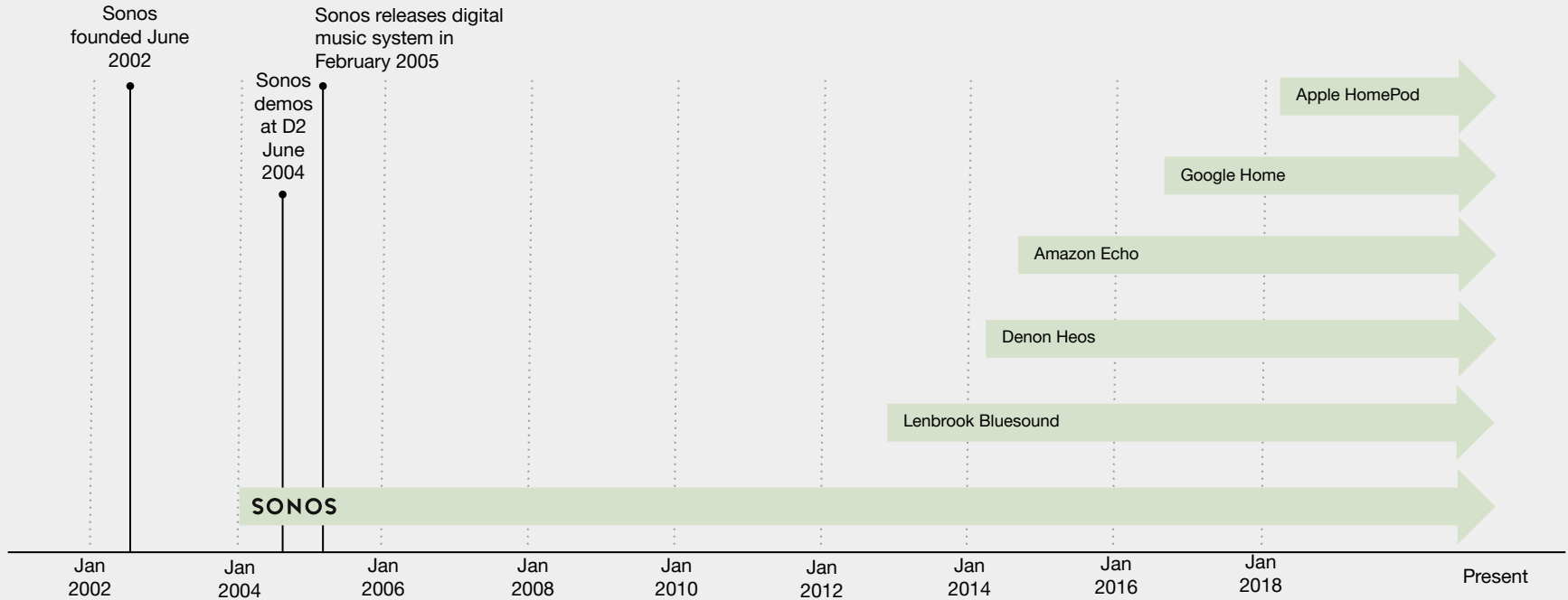
No other company has created an interoperable suite of products serving customers in the home and beyond.

“Big tech” has historically focused on the adoption of their voice assistants through a range of household devices, including more commoditized audio devices that compromise on privacy, design, and sound experience. More recently, we have seen these players reduce their levels of investment here and focus their efforts elsewhere.

Legacy companies have been focused on acoustics and hardware for decades, offering single-product solutions. They lack the software and networking capabilities to compete in the future of audio.



Sonos Audio Innovation Is Widely Adopted



... Yet We Remain the Leader

FY24 Top Ranked Models (by \$ share)

United States

\$200+ Home Theater²

Brand Rank: #1

Top Products in Category

Sonos Arc

Sonos Sub

Sonos Beam

\$150+ Streaming Audio

Brand Rank: #2

Top Products in Category

Sonos Era 100

Sonos Amp

Sonos Era 300

EMEA¹

\$200+ Home Theater²

Brand Rank: #1

Top Products in Category

Sonos Arc

Sonos Beam

Sonos Sub

\$150+ Streaming Audio

Brand Rank: #2

Top Products in Category

Sonos Era 100

Sonos Era 300

Sonos Move 2

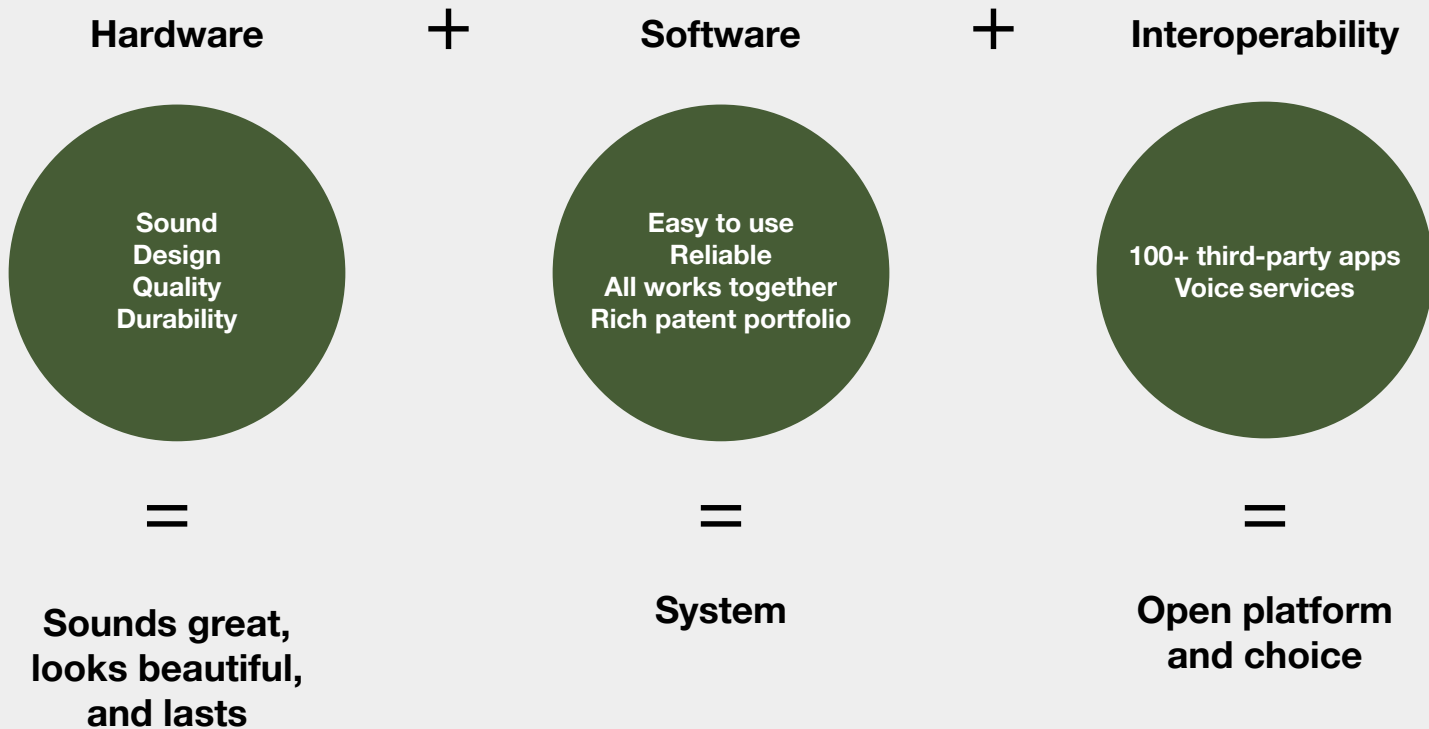
Source: Circana for US, GfK UK and DE

Notes:

1 - EMEA is UK and DE

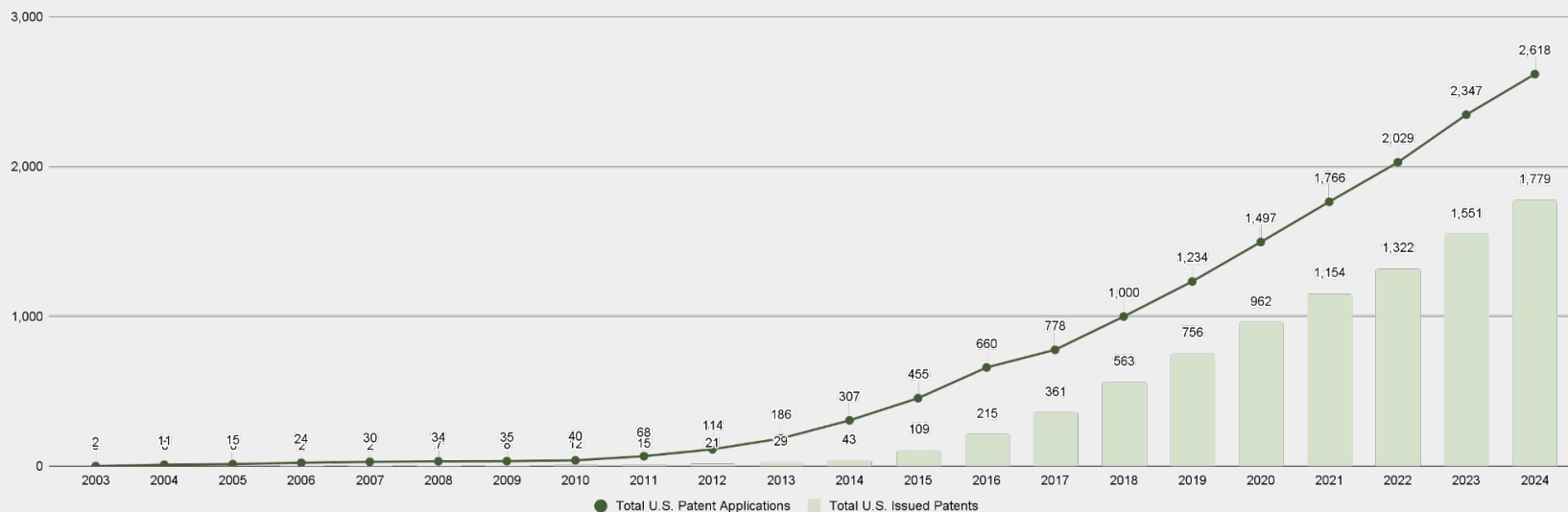
2 - Home Theater includes soundbars and wireless subwoofers

Why the Sonos Ecosystem Wins



Our Innovation Is Protected by a Robust and Growing Patent Portfolio

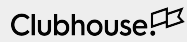
Total Sonos U.S. Patents and Patent Applications
(filed over time, cumulative)



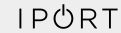
Open Platform Enables Freedom of Choice

100+ Content Partners

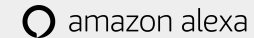
SONOS Radio



Home Automation & Home Control Partners



Voice Assistants

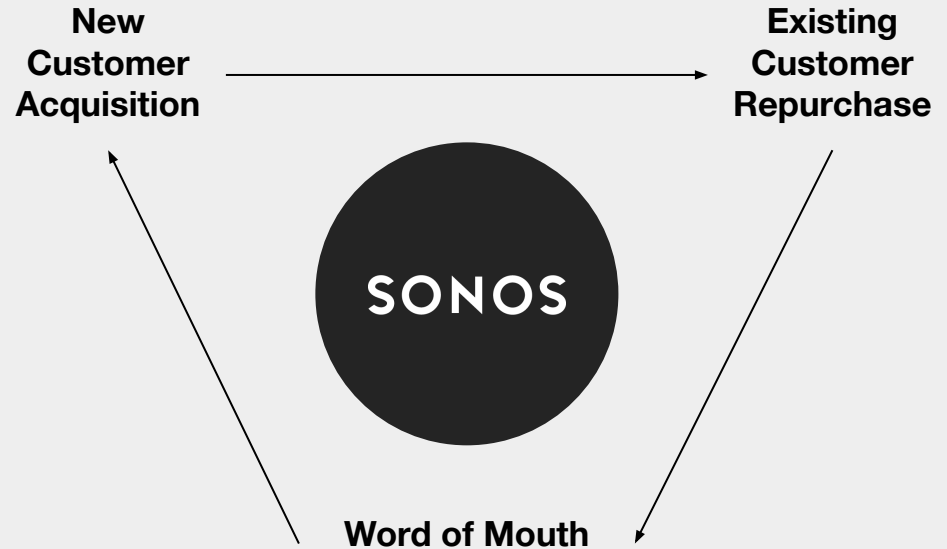


Key Drivers of Long Term Growth: The Sonos Flywheel

New households enter the Sonos ecosystem, and existing households purchase additional products at a steady rate

Improving the core experience is critical to fueling the Sonos flywheel

- 1 Continue to raise the bar in existing product categories
- 2 Enter new product categories
- 3 Expand geographic reach
- 4 Commercial opportunities



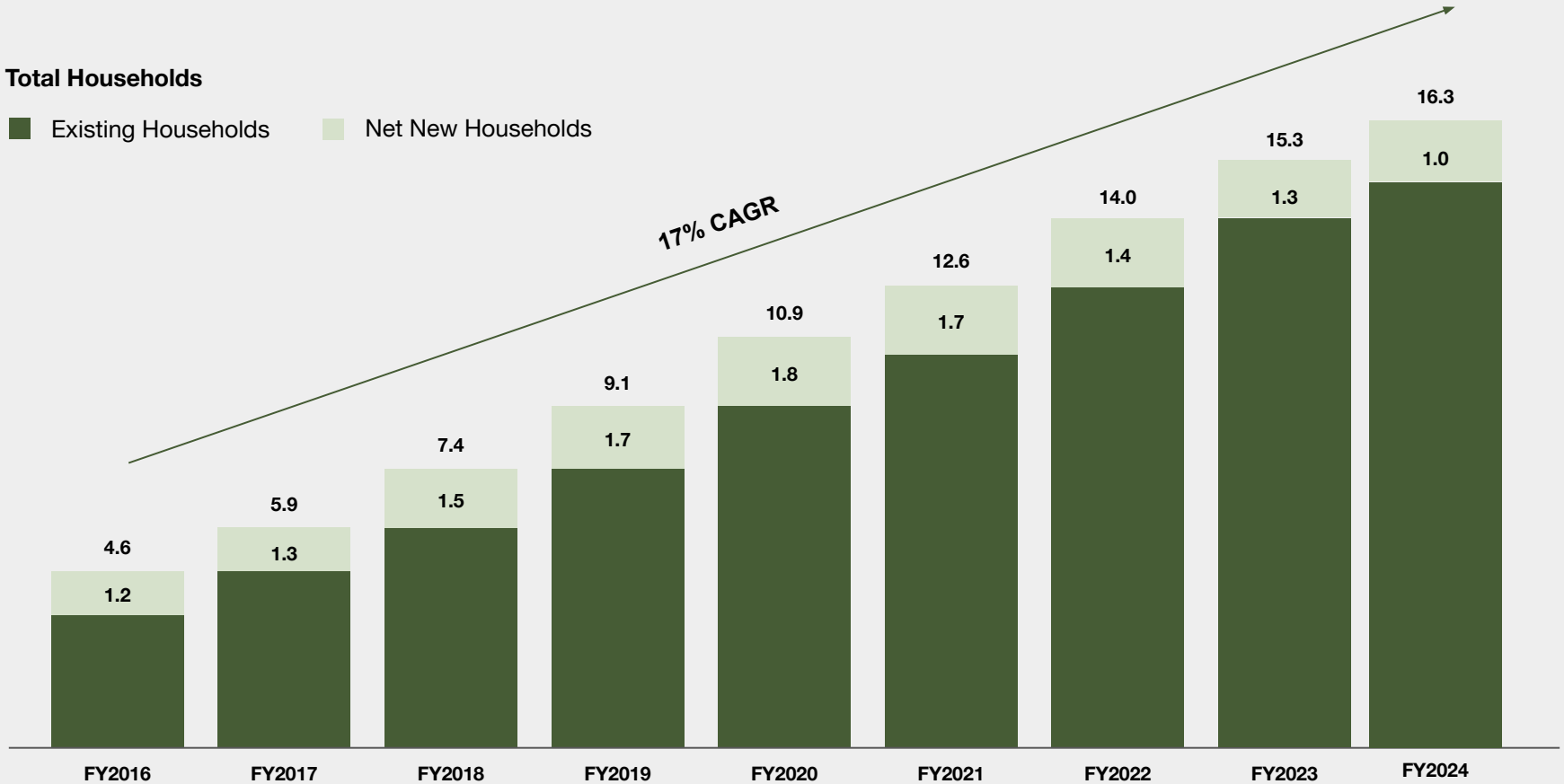
Large and Growing Install Base

Total Households

Existing Households

Net New Households

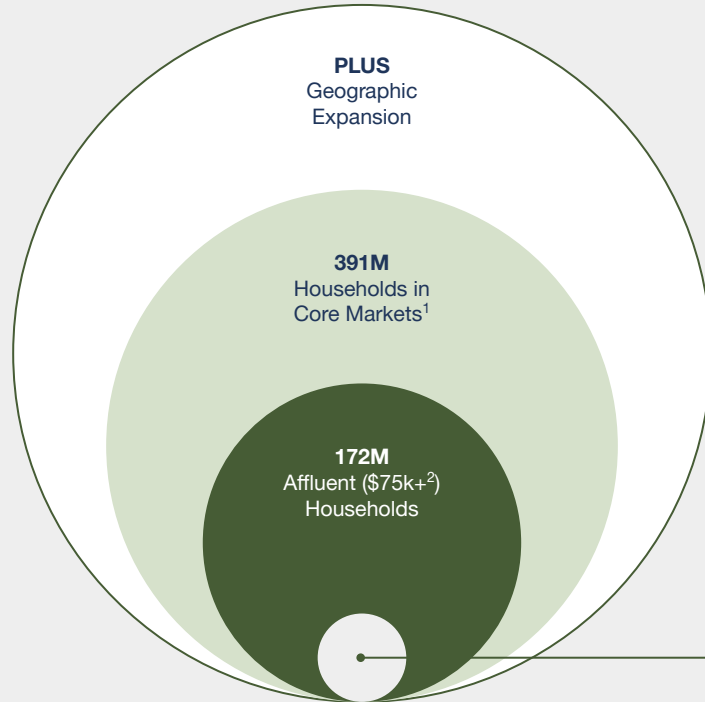
17% CAGR



Source: Internal Data

Note: Unaudited.

Framing Our Long Term Opportunity: Households



~9%
Current penetration of
total affluent households

16M
Sonos FY24 Households

Source: Euromonitor 2023

1. Core Markets include the United States, Canada, Mexico, Australia, New Zealand, United Kingdom, Germany, Netherlands, Sweden, Denmark, France, Switzerland, Norway, Belgium, Italy, Austria, Spain, Ireland, Finland, Poland and Luxembourg

2. Represents disposable income as defined by the OECD

Our Install Base Continues to Purchase Additional Sonos Products

A significant portion of our annual product registrations come from our existing households (HHs), many of which start with just one product.

Lifetime value of customers grows as products per HH increases

	2018	2019	2020	2021	2022	2023	2024
Products registered (M)	21.0	26.1	31.6	37.1	41.8	46.6	50.4
% to existing households	36%	36%	41%	46%	44%	44%	44%
Sonos households (M)	7.4	9.1	10.9	12.6	14.0	15.3	16.3
New households		1.7	1.8	1.7	1.4	1.3	1.0
Products per HH	2.82	2.87	2.90	2.95	2.98	3.05	3.08
Increase		0.04	0.03	0.05	0.03	0.06	0.04
Single product households (M)	2.8	3.5	4.2	5.0	5.6	6.1	6.4
% of total	38%	38%	39%	40%	40%	40%	39%
Multi-product households (M)	4.6	5.6	6.6	7.5	8.4	9.2	10.0
% of total	62%	62%	61%	60%	60%	60%	61%
Products per >1 household	3.94	4.01	4.11	4.25	4.30	4.41	4.42
Increase		0.07	0.10	0.14	0.05	0.11	0.01

Incremental revenue opportunity: single product HH we have today

$$\begin{array}{ccc}
 6.4\text{M} & \times & 3.42 & \times & \$304 \\
 \text{Single product} & & \text{Additional products} & & \text{FY24 revenue per} \\
 \text{households} & & \text{to reach 4.42} & & \text{product sold} \\
 & & & & \\
 & & & & = \\
 & & & & >\$6 \text{ billion} \\
 & & & & \text{Incremental revenue opportunity}
 \end{array}$$

In addition to converting single product HHs, we believe there is significant room to grow average multi-product HH size beyond 4.42 products

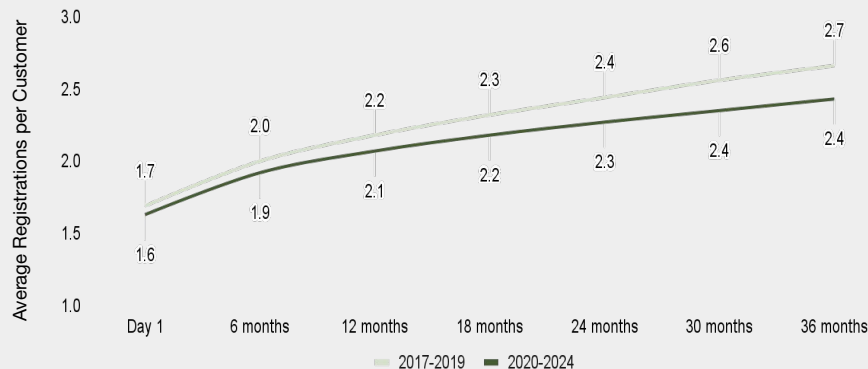
Source: Internal Data

Note: Unaudited. Products per household defined as total registrations divided by total households. Products per >1 household defined as products registered less single product households divided by households with >1 product. Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely.

A Detailed Look at Customer Behavior and Install Base Monetization Over Time

Consistent repurchase behavior across larger cohorts and greater monetization of products sold underscores our conviction to deliver our long term financial targets

Cohorts behave similarly over time, regardless of when first purchased



Cohort LTV amplified by higher average revenue per product

$$\begin{array}{ccc} \$220 & & \$272 \\ \text{Average revenue per} & & \text{Average revenue per} \\ \text{product, FY17-19} & & \text{product, FY20-24} \\ & & + \\ & & 1.45\text{M} \\ & & \text{Average net new HH,} \\ & & \text{FY20-24} \end{array}$$

Steady repurchase participation: after 3 years, over one-third of customers have repurchased

% of customers who have repurchased	6mo	12mo	18mo	24mo	30mo	36mo
2017-2019	17%	25%	29%	33%	36%	38%
2020-2024	15%	22%	26%	29%	31%	34%

Greater LTV per Cohort

Source: Internal Data.

Note: Unaudited. Cohort defined as average customer/household across respective fiscal year periods.

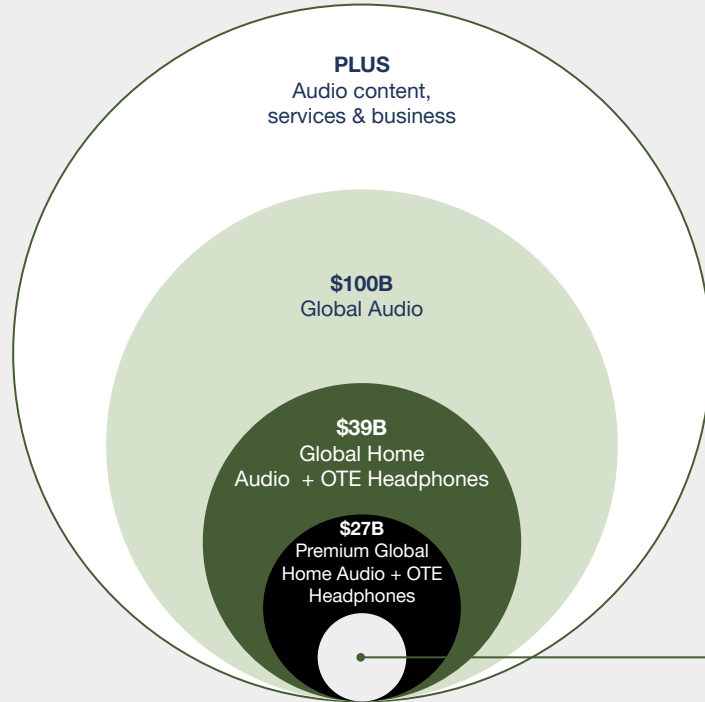
New Product Innovation Drives Household Acquisition & Repurchase Activity

We continue to launch new products across our six current categories

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 to date
Home Theater	-Beam (Gen 1)		-Arc -Sub (Gen 3)		-Beam (Gen 2) -Ray	-Sub Mini		-Arc Ultra -Sub (Gen 4)
Speakers	-Sonos One	-One SL	-Five			-Era 100 -Era 300	-Era 100 Pro	
Portables			-Move	-Roam	-Roam SL -Roam Colors	-Move 2	-Roam 2	
Components and Architectural	-Amp	-Port -Sonos and Sonance Trio					-Sonos and Sonance 8" In-Ceiling	
Headphones							-Sonos Ace	
Services/Other		-SYMFONISK Table Lamp & Bookshelf	-Sonos Radio -Sonos S2	-Sonos Radio HD -SYMFONISK Picture Frame	-Sonos Voice Control	-Sonos Pro -SYMFONISK Floor Lamp	-Reimagined Sonos App	

NEW: Framing Our Long Term Opportunity: Revenue

Launch of our new premium over-the-ear (OTE) headphones unlocks an incremental \$5bn core Premium OTE headphones TAM, +23% increase



$$\begin{array}{ccc} \$22\text{bn} & + & \$5\text{bn} \\ \text{Premium Global} & & \text{Premium Global} \\ \text{Home Audio TAM} & & \text{over-the-ear (OTE)} \\ & & \text{headphones TAM} \\ & = & \\ \$27\text{bn} & & \\ \text{New core TAM for Sonos products} & & \\ \text{between Premium Global Home Audio} & & \\ \text{and OTE Headphones} & & \end{array}$$

\$1.52B
Sonos FY24 Revenue

Differentiated Channel Distribution

Channel mix in FY24 remained relatively flat y/y

	2018	2019	2020	2021	2022	2023	2024
Retail and Other	830	930	838	1,011	987	918	842
% yoy		12%	(10%)	21%	(2%)	(7%)	(8%)
DTC	131	154	284	416	395	394	348
% yoy		17%	84%	47%	(5%)	(0%)	(12%)
Installer Solutions (IS)	176	176	205	290	371	343	329
% yoy		0%	16%	41%	28%	(7%)	(4%)
Total Revenue	1,137	1,261	1,326	1,717	1,752	1,655	1,518
% yoy		11%	5%	29%	2%	(6%)	(8%)

% of revenue

Retail & Other	73%	74%	63%	59%	56%	55%	55%
DTC	12%	12%	21%	24%	23%	24%	23%
IS	15%	14%	15%	17%	21%	21%	22%
% DTC + IS	27%	26%	37%	41%	44%	45%	45%

- **Retail & Other (55% of revenue, +0 bps), -8% y/y**
- **DTC (23% of revenue, -100 bps), -12% y/y**
- **Installer Solutions (22% of revenue, +100 bps), -4% y/y**

Summary Financial Overview

	2018	2019	2020	2021	2022	2023	2024
Americas	603	678	756	981	1,044	1,048	1,005
% y/y		12%	11%	30%	6%	0%	(4%)
EMEA	479	485	471	618	578	518	430
% y/y		1%	(3%)	31%	(7%)	(10%)	(17%)
APAC	55	98	100	117	130	89	83
% y/y		78%	2%	18%	11%	(32%)	(7%)
Total Revenue	1,137	1,261	1,326	1,717	1,752	1,655	1,518
% y/y		11%	5%	29%	2%	(6%)	(8%)
% y/y - CC		13%	6%	26%	5%	(3%)	(9%)
GAAP Gross Profit	489	527	572	810	796	716	689
% GAAP gross margin	43.0%	41.8%	43.1%	47.2%	45.4%	43.3%	45.4%
Non-GAAP Gross Profit	490	528	573	812	800	723	696
% Non-GAAP gross margin	43.1%	41.9%	43.2%	47.3%	45.7%	43.7%	45.8%
Non-GAAP Operating Expenses							
R&D	128	154	185	204	222	257	259
% of revenue	11%	12%	14%	12%	13%	16%	17%
S&M	255	235	229	261	265	246	270
% of revenue	22%	19%	17%	15%	15%	15%	18%
G&A	77	88	85	100	119	108	105
% of revenue	7%	7%	6%	6%	7%	7%	7%
Total Operating Expenses	460	476	499	565	607	612	634
% of revenue	40%	38%	38%	33%	35%	37%	42%
Adjusted EBITDA	69	89	109	279	227	154	108
% margin	6.1%	7.0%	8.2%	16.2%	12.9%	9.3%	7.1%
Cash From/(Used in) Operations	31	121	162	253	(28)	100	190
Capex	(36)	(23)	(33)	(46)	(46)	(50)	(55)
Free Cash Flow	(5)	97	129	208	(74)	50	135
% of Adjusted EBITDA	(7%)	110%	119%	75%	(33%)	33%	125%

Note: \$ in millions (unless noted), CC = constant currency, unaudited. Non-GAAP gross profit/margin exclude stock-based compensation and amortization of intangibles allocated to cost of revenue. Non-GAAP Operating Expense figures exclude stock-based compensation, legal and transaction related fees, amortization of intangibles, and restructuring and other charges. Non-GAAP gross margin excludes amortization of intangible assets and stock-based compensation allocated to GAAP cost of revenue.

Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely. Adjusted EBITDA, Adjusted EBITDA margin and free cash flow are non-GAAP measures.

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