

# Nuheara well placed to grow

Half year ended 31 December 2021

## Key Highlights – H1 FY22

- **Product revenue up 27% to \$2.97 million** (H1 FY21: \$2.33 million) reflecting resurgent growth in Traditional Retail (TR) sales.
- **Driven by the Traditional Retail (TR) sales rebound in the US**, TR sales represented 36% (\$1.1 million) of total sales in H1 FY22 up from 20% in H1 FY21. Direct To Consumer (DTC) sales were 64%, down from 80% H1 FY21.
- **12% uplift in Average Selling Price (ASP)** of IQbuds<sup>2</sup> MAX implemented, increasing ASP to \$453 from \$405 (FY21).
- **Product Gross Margin of 48%**, up from 34% H1 FY21.
- **Nuheara’s addressable market in the US opened up to 30 million potential customers** following US FDA issuing its landmark ruling to establish a new regulated over-the-counter (OTC) category of hearing aids.
- **Best Buy launches new in store Hearing Solutions category**, with Nuheara products in 241 (now 291) retail stores in US.
- **Global supply agreement with Sonova AG** for Nuheara products to be made available to all Sonova clinics and affiliates.
- **Commenced medical device clinical trial of hearing aid**, providing pathway to FDA 510(k) submission (successfully completed January 2022).
- **Built strong inventory levels**, with more than \$6 million worth of stock on hand (based on current ASPs) in 5 global warehouses at end of the reporting period.
- **\$5.7 million capital raised to fund US growth opportunities** (including \$1.07 million from Share Purchase Plan (SPP) announced on 23 December 2021 that closed on 17 January 2022).
- **R&D tax rebate of \$1.7 million** received.
- **Strong balance sheet** with \$6.3 million cash at 31 December 2021 (excludes funds raised in SPP).

### **Nuheara Co-founder & CEO Justin Miller said:**

*“The past six months have been tremendously busy for the business and our team, and we are now at a unique place in Nuheara’s corporate history with tremendous multiple growth opportunities.*

*“New product sales grew strongly as Nuheara expands its hybrid go-to-market model for delivering high margin leading-edge medical device hearing solutions.*

*“With the retail sector reopening in the second quarter, we saw a resurgence in retail sales, highlighting the strength of Nuheara’s multi-distribution channel business model. And this was before launching in hundreds of Best Buy stores and signing a distribution agreement with Sonova.*

*“Tremendous regulatory change is rapidly occurring in the US, opening the regulated hearing market for Nuheara’s medical device technology that provides cost effective solutions to improve peoples’ hearing.*

*“With clinical trials now successfully concluded, and new US regulations in place for the second half of 2022, we can’t wait to provide both hearable and hearing aid solutions to the high growth US market.*

*“We are well prepared to continue the traditional mainstream retail push in the second half. We have \$6 million of inventory supporting immediate sales at a time when more manufacturers have product shortages, and a new and experienced team in the US to drive the next phase of our growth.*

*“We have just seen exponential growth in our addressable market following the regulatory changes in the US and have never been more excited about the growth potential in front of us.”*

## 1. SALES AND REVENUE

Nuheara continued to deliver strong sales growth in H1 FY22, with total new product sales up 27% to \$2.97 million (H1 FY21: \$2.33 million). An IQbuds<sup>2</sup> MAX price increase was implemented in July 2021 in most regions around the world. This translated to a 12% increase in the Average Selling Price (ASP) from \$405 per unit in FY21 to \$453 per unit this year to date.

Total revenue of \$2.97 million was generated in H1 FY22 (H1 FY21: \$6.9 million), with 1H FY21 benefiting from \$3.6 million in OEM/HP services receipts on top of product sales.

Product Gross Margins were up 14 percentage points to 48% (34% H1 FY21) due to product price increases, expanding size of product manufacturing runs, and tighter management of supply chain and logistics.

### ***Sales by region***

International sales continued to gain momentum with 73% of all sales in H1 FY22 being offshore. North America accounted for 58% of sales for the half year. Domestic product sales remained strong with 27% of all sales in originating in Australia.

### ***Sales by channel***

Nuheara's diversified channel strategy delivered on its strategic intent to cover all bases for the purchasing consumer. Global sales by channel changed dramatically over H1 FY22, in part fuelled by the re-opening of traditional retail stores in the US as they returned from COVID-19 related closures, while Australian stores were still closed due to lockdowns. OEM did not contribute during the half.

An Omicron surge in COVID cases provided further variability to sales channel mix, as traditional retail store hours in the US were limited throughout December. This provided a short-term increase in direct-to-consumer (DTC) sales and again validated the need for, and value of, a diversified sales channel strategy.

## 2. BUSINESS UPDATE

### ***Medical device clinical trial providing pathway to US FDA 510(k) submission***

In October 2021, Nuheara commenced a medical device clinical trial to test the safety and effectiveness of its newly developed range of hearing aid products, to support the Company's planned expansion into clinically tested and regulatory approved medical devices. The trial was successfully completed in January 2022, and Nuheara is now preparing its US FDA 510(k) submission for before the end of March 2022.

### ***OTC Hearing Aid Regulation***

On 21 October 2021, Nuheara welcomed the US Food and Drug Administration (FDA) issuing its landmark proposal intended to improve access to, and reduce the cost of, hearing aid technology for millions of Americans<sup>1</sup>. The US FDA has proposed a rule to establish a new category of over-the-counter (OTC) hearing aids that places Nuheara in the prime position to deliver more accessible and affordable hearing devices to the 30 million Americans that suffer from some form of hearing loss and currently do not use hearing aids<sup>2</sup>.

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<sup>1</sup> Refer to <https://www.federalregister.gov/documents/2021/10/20/2021-22473/medical-devices-ear-nose-and-throat-devices-establishing-over-the-counter-hearing-aids>.

<sup>2</sup> Source: <https://www.fda.gov/news-events/press-announcements/fda-issues-landmark-proposal-improve-access-hearing-aid-technology-millions-americans>.

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### ***Expanding Points of Sales***

- ***Sold in 291 U.S. Best Buy Stores*** - In late November 2021, Nuheara's products were made available within dedicated "Hearing Solutions" displays located in 241 select Best Buy stores across the US. A further 50 stores were added in February 2022. Best Buy is one of North America's leading and largest consumer electronic retailers.
- ***Global supply agreement with Sonova*** - In December 2021, Nuheara secured a three-year global supply agreement with Sonova to initially supply its products to Sonova entities in the US and Australia. Other global regions will follow, with Europe, UK and Canada the priorities, as Nuheara establishes trading entities in those regions/countries.

### ***Capital raising supports growth initiatives***

Following the achievements over H1 FY22 that demonstrated ongoing market progress and increased sales, Nuheara raised \$5.7 million to fund immediate growth opportunities, particularly in the US.

### **3. POSITIVE OUTLOOK**

Having put in place key foundational relationships and a strong global omni-channel network, Nuheara is well positioned to execute on opportunities in key growth markets, particularly the US, in calendar year 2022.

The US hearing market provides a substantial opportunity that Nuheara is uniquely placed to deliver on, and this will be the key focus for Nuheara over the next 12 months.

-ENDS-

#### **AUTHORISED BY:**

Board of Directors  
Nuheara Limited

#### **ABOUT NUHEARA**

Nuheara is a global leader in smart hearing technology which change people's lives by enhancing the power to hear. As a global pioneer in Hearable products, Nuheara has developed proprietary, multi-functional, personalised intelligent hearing devices that augments a person's hearing. Nuheara is headquartered in Perth, Australia and was the first consumer wearables technology company to be listed on the Australian Stock Exchange (ASX).

In 2016, the Company released its revolutionary wireless earbuds, IQbuds, which allow consumers to augment their hearing according to their personal hearing preferences and connect hands free with their voice-enabled smart devices. In 2020 Nuheara released its third generation IQbuds<sup>2</sup> MAX. In 2021, Nuheara transformed its operations to include medical device manufacturing for its hearing aid products to meet global demand for mild to moderate hearing loss. Nuheara products are now sold Direct to Consumer (DTC) and in major consumer electronics retailers, professional hearing clinics, pharmacies and speciality retailers around the world. Nuheara products are now sold Direct to Consumer (DTC) and in major consumer electronics retailers, professional hearing clinics, pharmacies and optical chains around the world.

The Company's mission is to transform the way people hear by creating smart hearing solutions that are both accessible and affordable.

For further information, please visit <https://www.nuheara.com/>.

# Further Information

## **Justin Miller**

Co-founder, MD & CEO

Ph: +61 8 6555 9999

## **Investor enquiries:**

## **Ronn Bechler**

Market Eye Pty Ltd

E: [ronn.bechler@marketeye.com.au](mailto:ronn.bechler@marketeye.com.au)

Ph: +61 400 009 774

## **CORPORATE INFORMATION**

### **Directors**

The Hon Cheryl Edwardes *AM*  
Independent Non-Executive Chairman

Justin Miller  
Managing Director/CEO

David Cannington  
Executive Director/Chief Marketing Officer

Kathryn Giudes  
Independent Non-Executive Director

David Buckingham  
Independent Non-Executive Director

### **Company Secretaries**

Susan Park - Company Secretary  
Jean-Marie Rudd - Joint Company Secretary

Securities Exchange  
ASX: NUH

### **Registered Office**

190 Aberdeen Street  
Northbridge WA 6003  
Phone: + 61 8 6555 9999  
Fax: + 61 8 6555 9998

### **Principal Place of Business**

190 Aberdeen Street  
Northbridge WA 6003  
Phone: + 61 8 6555 9999  
Fax: + 61 8 6555 9998

### **Share Registry**

Computershare Investor Services  
Phone: 1300 850 505 (within Australia)  
Phone: +61 3 9415 4000 (outside Australia)

### **Website and Email**

[www.nuheara.com](http://www.nuheara.com)  
[administration@nuheara.com](mailto:administration@nuheara.com)