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NUHEARA

Hear's to Life

INVESTOR WEBINAR
29TH OCTOBER 2019

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CEO & CO-FOUNDER

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All amounts in Australian dollars unless stated otherwise.



CORPORATE SUMMARY

COMPANY DETAILS

ASX Ticker	NUH
Ordinary Shares on issue (m)*	1,062
Unlisted Options (m)	45
Share Price \$ (AUD) 25 Oct 2019	0.038
Market Capitalisation \$m (AUD)	40.4
Debt \$m (AUD) 30 Sep 2019	-
Cash \$m (AUD) 30 Sep 2019	4.3
Shareholders & Groups	
Total Shareholders	3,905
Top 20 Shareholders	44.8%

- Listed on ASX March 2, 2016 @ \$13.8m Market Cap
- Headquartered in Perth, Australia with sales Offices USA, UK & Singapore
- Total investment \$37m + \$3.5m government R&D grants
- Last capital round: \$4m raised @ \$0.05 on 15 July 2019
- Revenues (inc grants) 2017FY \$2.5m, 2018FY \$5.2m, 2019FY \$4.5m

BOARD OF DIRECTORS

	<p>Mr Justin Miller Executive Chairman 68.1m shares</p> <ul style="list-style-type: none"> ▪ Co-founder, Managing Director and CEO ▪ Co-founder & CEO Empired (ASX:EPD) & Sensear
	<p>Mr David Cannington Executive Director 68.1m shares</p> <ul style="list-style-type: none"> ▪ Co-founder, Executive Director and CMO ▪ 25+ years global sales and marketing experience
	<p>Ms Kathryn Foster Non-Exec Director 0.64m shares</p> <ul style="list-style-type: none"> ▪ Non-Executive Director ▪ 20+ years experience Senior Director of Microsoft managed 232 geographies for xBox
	<p>Mr David Buckingham Non-Exec Director (Commencing 1 November 2019)</p> <ul style="list-style-type: none"> ▪ Non-Executive Director ▪ Former CEO of ASX200 companies iiNet and Navitas

Nuheara Advisory Board

- Mr Joel Beilin (Chief Advisor – Audiology, Ex Sivantos, Seimens)
- Mr Brian Hall (Ex Microsoft, Doppler Labs)



OUR OPPORTUNITY

Provide smart,
affordable & MULTI-
PURPOSE hearing
solutions to the
people who are not
being serviced with
traditional hearing
solutions today.



MEETING A GLOBAL HEARING NEED

NUHEARA REACHING THE UNDER-SERVICED

High Penetration Rates with Older Age

Hearing Aids are very successful at high levels of hearing loss and where the customer requires professional service expertise and judgement, However, they are unsuccessful everywhere else, despite there being many more people who could benefit.



Average user age 72 years

Very Low Penetration Rates with younger age

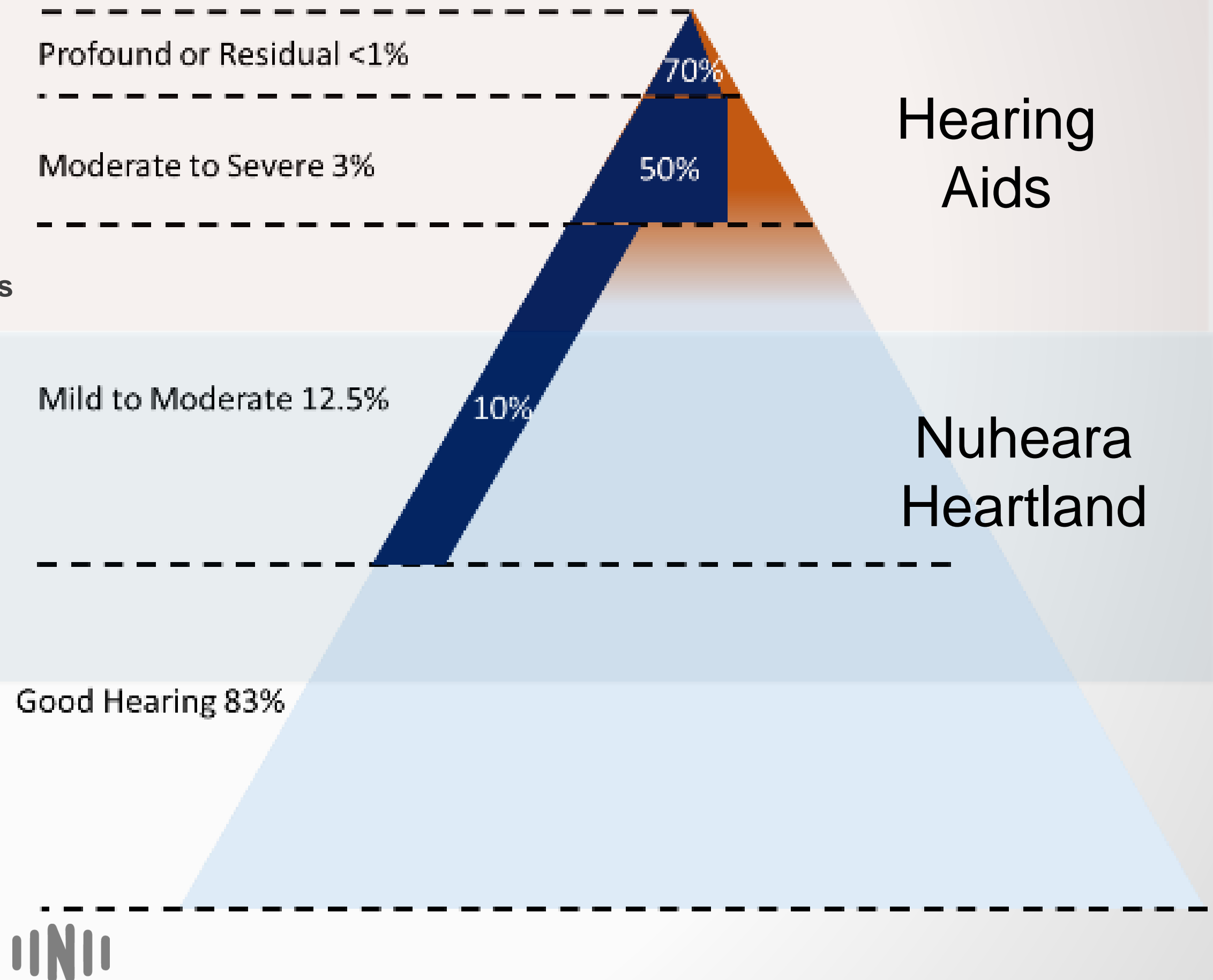
Hearing Aids (or hearing devices) can offer benefits for users in the Mild to Moderate segment but many don't take them up.

New & innovative hearing products are necessary

Start losing hearing at 35 years (average)

Hearing Aid Usage Rates (Not to Scale)

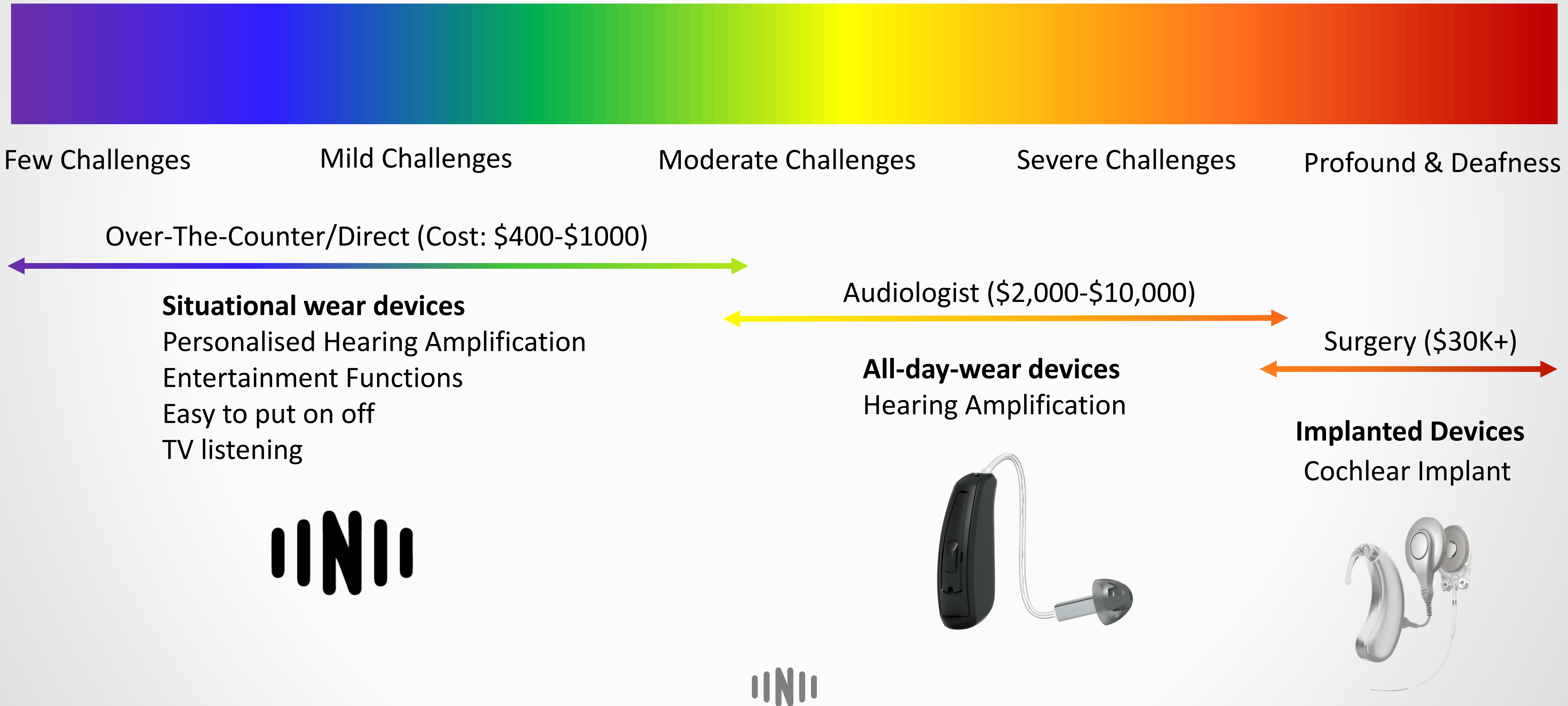
% with Hearing Aid ■



"90% of people with mild to moderate loss are not being catered for, representing more than 30 million people in the US alone."

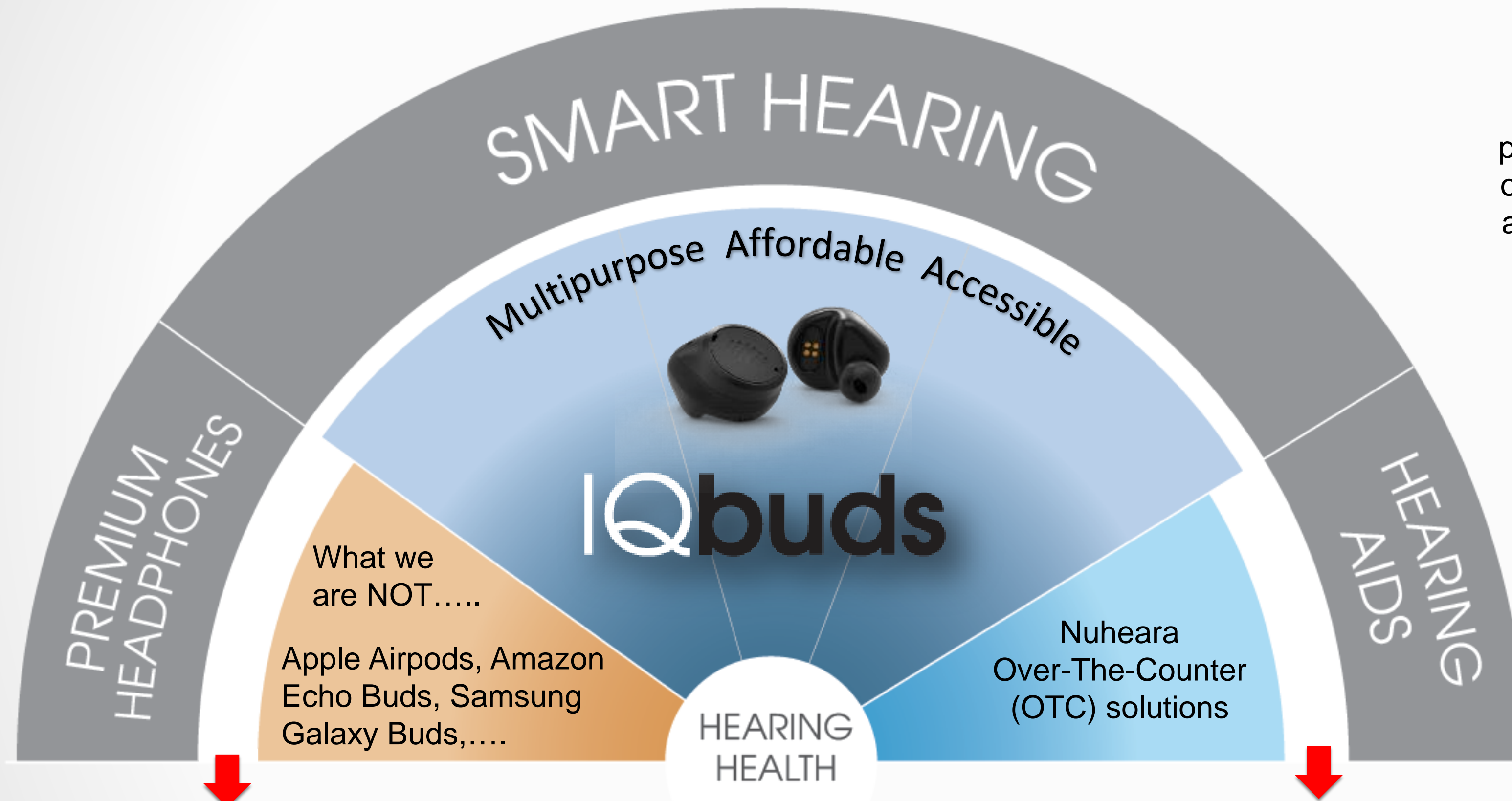
HEARING SPECTRUM

DIFFERENT HEARING ABILITIES NEED DIFFERENT SOLUTIONS



MARKET OPPORTUNITY – FILL THE VOID

NUHEARA CREATING A NEW CATEGORY OF HEARING DEVICES



In August of 2017, the US president officially signed a new over-the-counter (OTC) hearing aid legislation into law, with it to be in effect by 2020.

OTC will create new product possibilities for Nuheara

Nuheara's current hearing products have first mover advantage to support OTC:

- Self-Assessing
- Self-Fitting
- Auto configurable
- Already sold in broader retail

Traditional Headphones
Low Margin, High Volume, Mass Market

- 300+ Million devices sold p.a.
- \$8billion p.a. market
- True Wireless now price driven, race to bottom

Traditional Hearing Aids (HA)
High Margin, Low Volume, Tight Market

- 13 Million devices sold p.a.
- \$10billion p.a. market
- 5 companies have 95% of global HA market



MARKET OPPORTUNITY - OUR CUSTOMER

SALES ARE CONSISTENT WITH OUR TARGET MARKET

With 35,000+ pairs of IQbuds sold today, our BOOST customers (average age of 54) are showing they are not “quite ready” for a hearing aid:

Nuheara addresses barriers to purchase of hearing aid:

1. Different value proposition to a Hearing Aid
2. Lower cost
3. Simple purchase at online/retail and self-setup
4. No stigma, more like a Bluetooth headphone

Nuheara addresses limited use case of hearing aid:

1. Many reasons to put them in your ears
2. Many use cases beyond hearing assistance (sport, phone, media streaming, TV)
3. Situational devices not designed to be worn all day

“Nuheara is now reaching its hearing customers, on average, 18 years in advance of hearing aid users”



MARKET OPPORTUNITY – HOW IT HAS DEVELOPED

THE EVOLUTION OF PRODUCT AND SALES CHANNELS

IQbuds



IQbuds

BOOST



IQbuds

MAX



Ear ID™

Specifications for
Over-The-Counter
(OTC)
Hearing aids

Jan. 2016
First wearable
prototype

2017

2018

2019

2020

Retail Then:
Traditional Consumer
Electronics (CE) & online

Sept. 2018
Dedicated Hearing
Health Focus

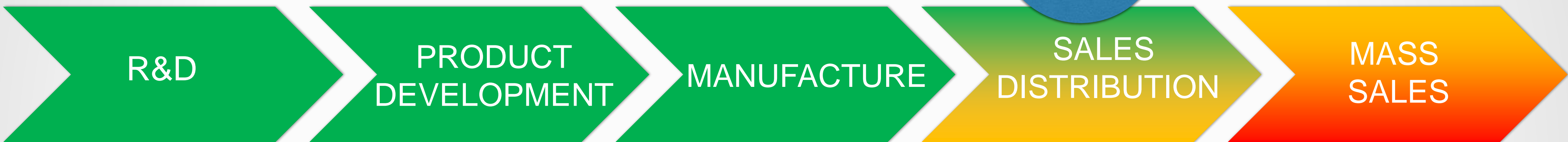
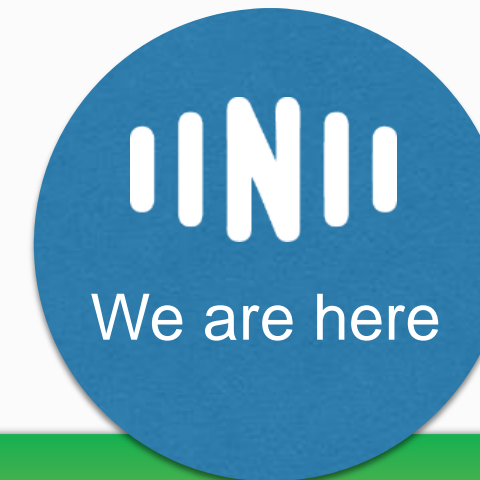


Retail Now:
Specialist retail partners,
consultative sales & online



OUR STRATEGY - PATH TO MARKET

COMMERCIALISATION SEQUENCE AND WHERE WE ARE NOW



- Significant R&D invested
- Digital Signal Processing
- Acoustics, Audio, Electronics, Antennas
- Algorithms, Software
- Hearing research

- Multiple hardware and software developments
- Continue to generate millions or hours of customer usage data
- Third generation earbud platform due for release Q4 2019 (MAX)
- Supporting product accessories released 2019
- Continual Firmware and App updates (Quarterley)

- Scalable and quality driven manufacturing
- Diversification of world leading contract manufacturers in China & Malaysia
- Global supply chain and logistics infrastructure

- Reach potential global audience
- Define new hearing category
- Trial diverse range of retailers, government contracts
- Rationalise retailers to focus on consultative sales process
- Increase Average Selling Price (ASP) \$242 in 2018 to \$362 in 2019

- Generate global market awareness
- Build retailers committed to consultative sales
- Expand Direct to Consumer online presence
- Further increase ASP with new higher specification/function products
- Build sustainable sales channel to move hundreds of thousands/millions units



OUR STRATGEY – INVESTMENT TO DATE

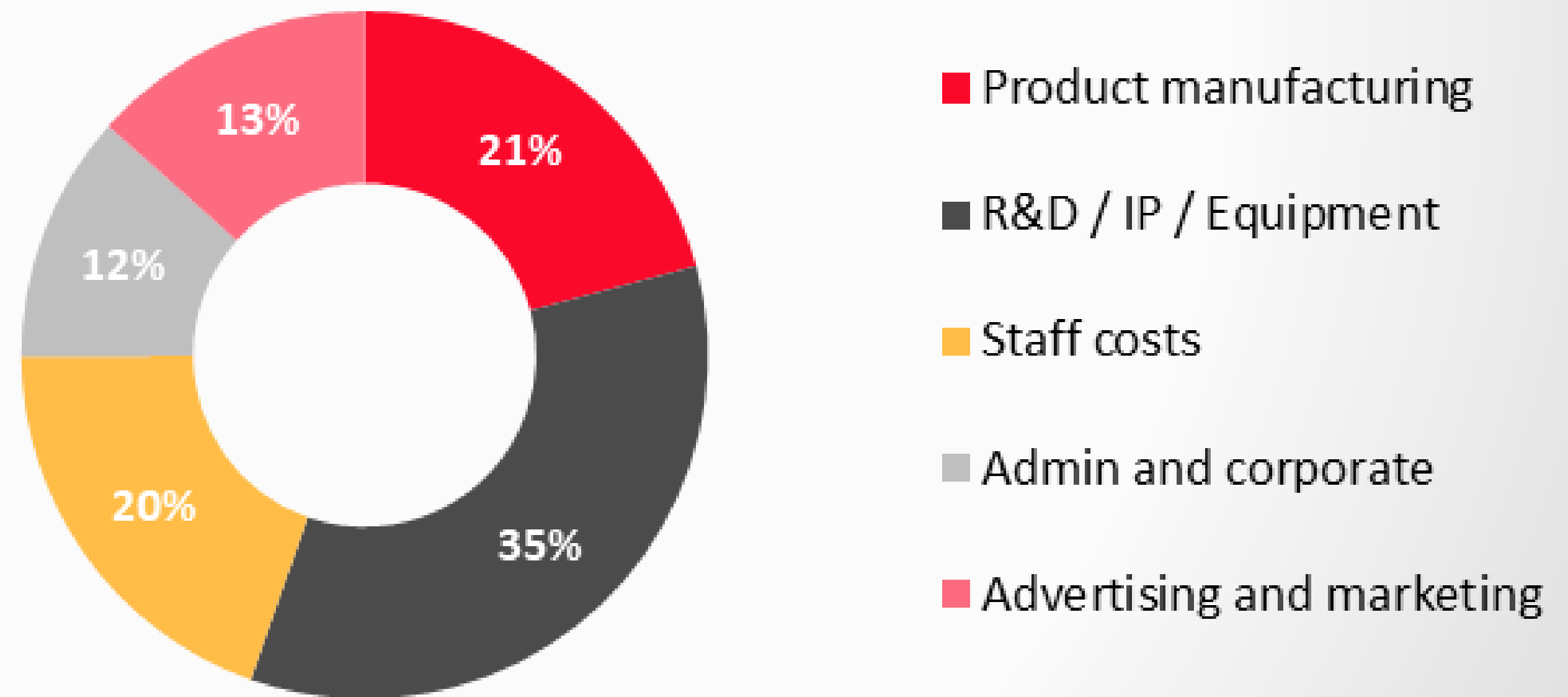
NUHEARA'S EFFICIENT USE OF CAPITAL

The Company has maintained a modest sales and marketing budget, with staff and research and development related costs comprising the key overheads.

In a 3 year period Nuheara has had to: 1. Build Product 2. Build Category 3. Build Distribution

- Approx. \$22M invested in product and manufacturing.
- \$6M invested in sales and marketing.
- Measured investment approach to sales and marketing
 - necessary as products and accessories were developed and deployed.
- Hearing Bud/Smart Hearing category created
 - understanding of who the customer is, and how best to reach them.
- Solid Product Development Roadmap
 - Third Generation platform (IQbuds MAX), Accessories (IQstream TV) and other development to continue
 - investment now slanted to sales/marketing (Awareness).

Cash Expenditure Breakdown (%)



OUR FOCUS - SMART HEARING/HEARABLES

HOW NUHEARA IS EFFECTING GLOBAL HEARING HEALTHCARE CHANGE

Accessibility

From back street clinics to main street retail

Optical, online, pharmacy, specialty & big box retail are now selling hearing devices. Sales are no longer exclusive to manufacturer owned & operated hearing clinics. Nuheara now sold **35,000+ pairs** of IQbuds range plus accessories.

Government Support

Contracts for fully subsidized Nuheara products

Nuheara products secured on Australian Government Hearing Services Program (HSP) for hearing challenged and National Disability Insurance Scheme (NDIS) for Autism sufferers. Also National Health Service (NHS) in Scotland and Northern Ireland for hearing challenged.

Affordability

IQbuds - 10% cost of average pair hearing aids

Unbundling of services, online sales competition, new technology and retail diversity allows us to drive down the cost of hearing devices

Legislation Changes

Regulators supporting Nuheara model

Over-The-Counter (OTC) hearing devices in USA will provide accessible and affordable hearing healthcare to millions of people who might not otherwise seek or afford hearing assistance. Lays foundation for global change.

Multipurpose

Stream media, make phone calls & provide hearing assistance

Nuheara's innovation and new technologies are creating more variety & multi-functionality for **situational** hearing products

Patient-centered Care

Nuheara places hearing decision making in hands of consumer

Away from clinics, Nuheara allows people to take control of their own hearing healthcare journey with Self Assessment, Self-fitting and Auto-configuration tools.

Research & Technology

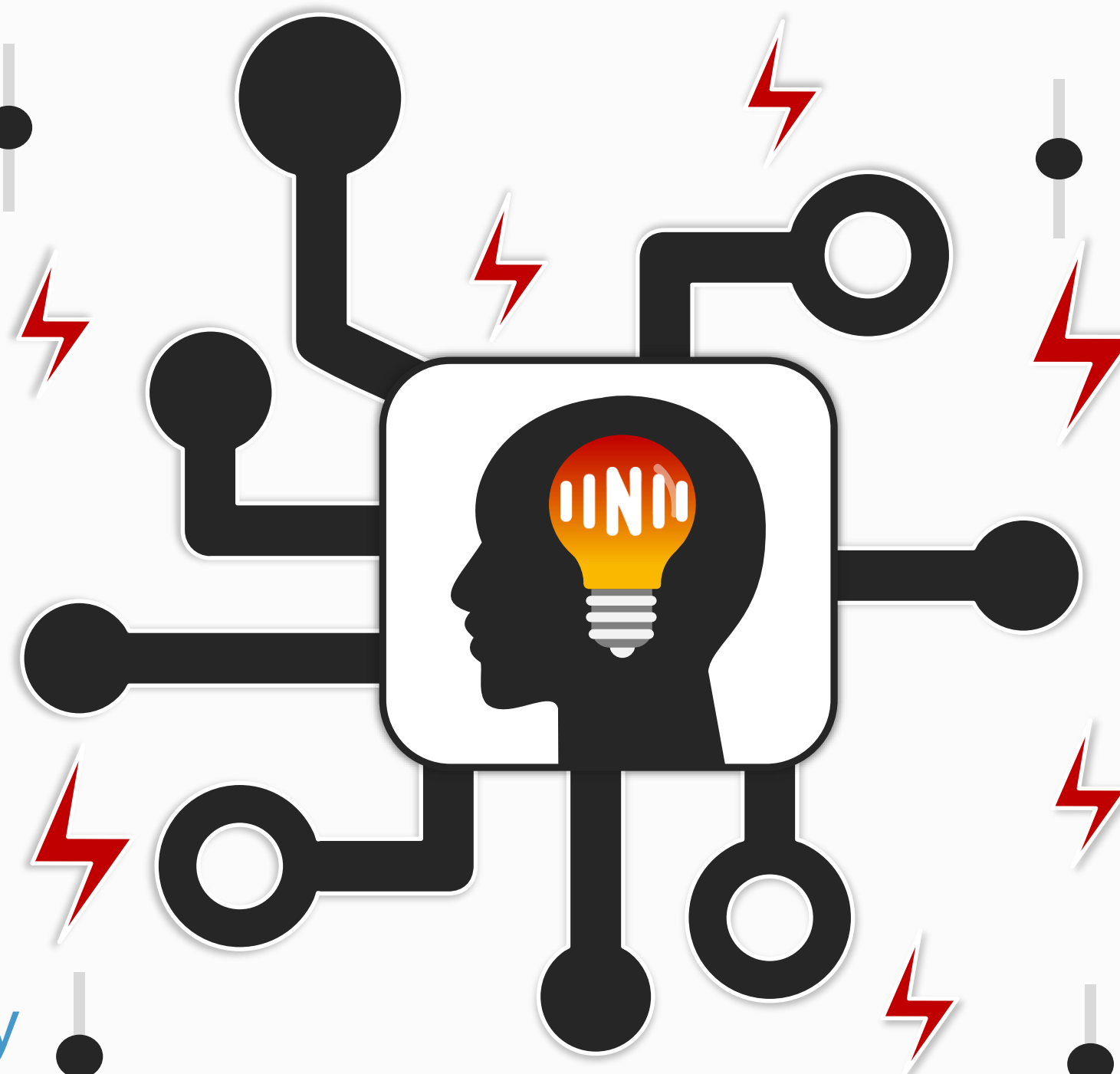
World leading hearing research

Focus research attention to large population bases that are not adequately serviced by current technology and products.

Form Factor

Looks like an ear bud NOT a hearing aid

The proliferation of wireless earbuds has made ear-ware fashionable and the prospect of hearing buds, rather than prosthetic hearing aids, very real.



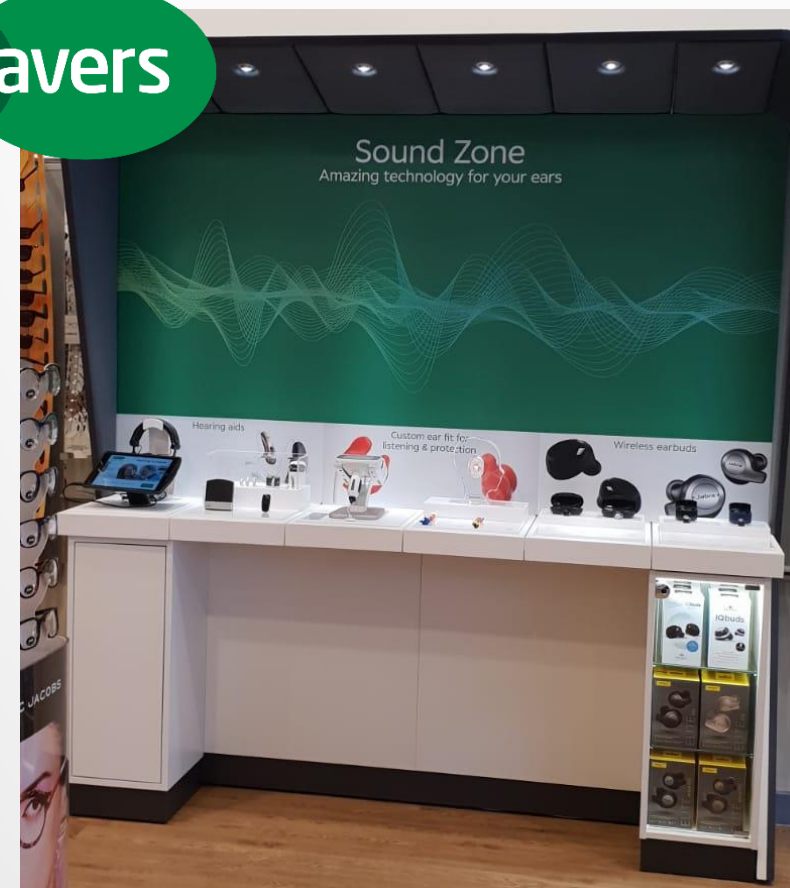
REACHING THE HEARING HEALTHCARE CUSTOMER

THERE WAS NO BLUEPRINT FOR SMART HEARING PRODUCTS, CATEGORY OR RETAIL

Nuheara has been retailing Smart Hearing Bud products (IQbuds) online and in mainstream locations since 2017, providing us with a unique global leadership position in non-clinic hearing sales experience.



Specsavers



Here is what we have learned:

- Hearing devices should not be sold on a peg or retail shelf alone – they need to be supported.
- Assisted sales environment work well but can be supplemented with interactive kiosks or POPs that screen (test), demonstrate and educate.
- Hearing health is a personal issue and a considered sale, not spontaneous.
- Consumers need to be educated on product benefits instore.
- Price doesn't drive sales, its solving a real problem for people that is impacting their life that converts customers.
- Hearing health is positive – hearing loss is negative – Messaging needs to be universally positive.
- All of these can (and are) being applied to online DTC sales.
- Any consideration to OTC hearing aid sales will need a complete sales channel solution – not just a device on a peg!



OUR SALES STRATEGY

HEARING HEALTHCARE FOCUS

Nuheara's consolidated customer hearing offering aims to specifically target the underpenetrated mild to-moderate hearing loss market, addressing the issues faced by traditional hearing aid products.

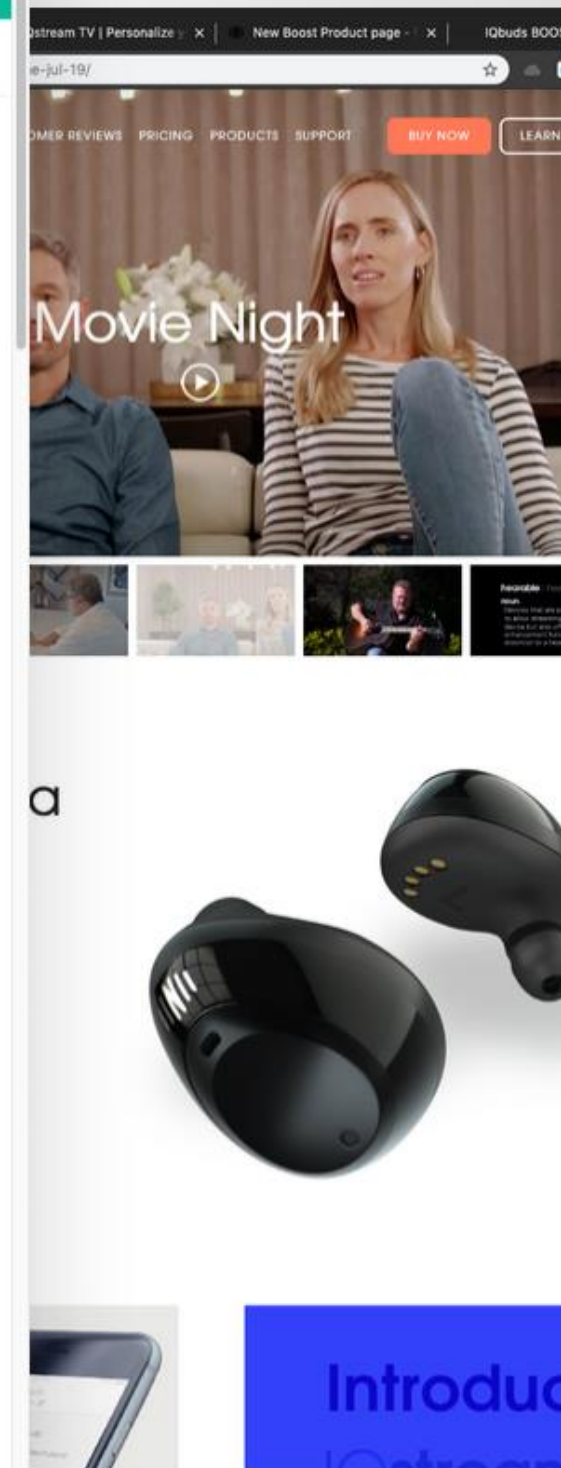
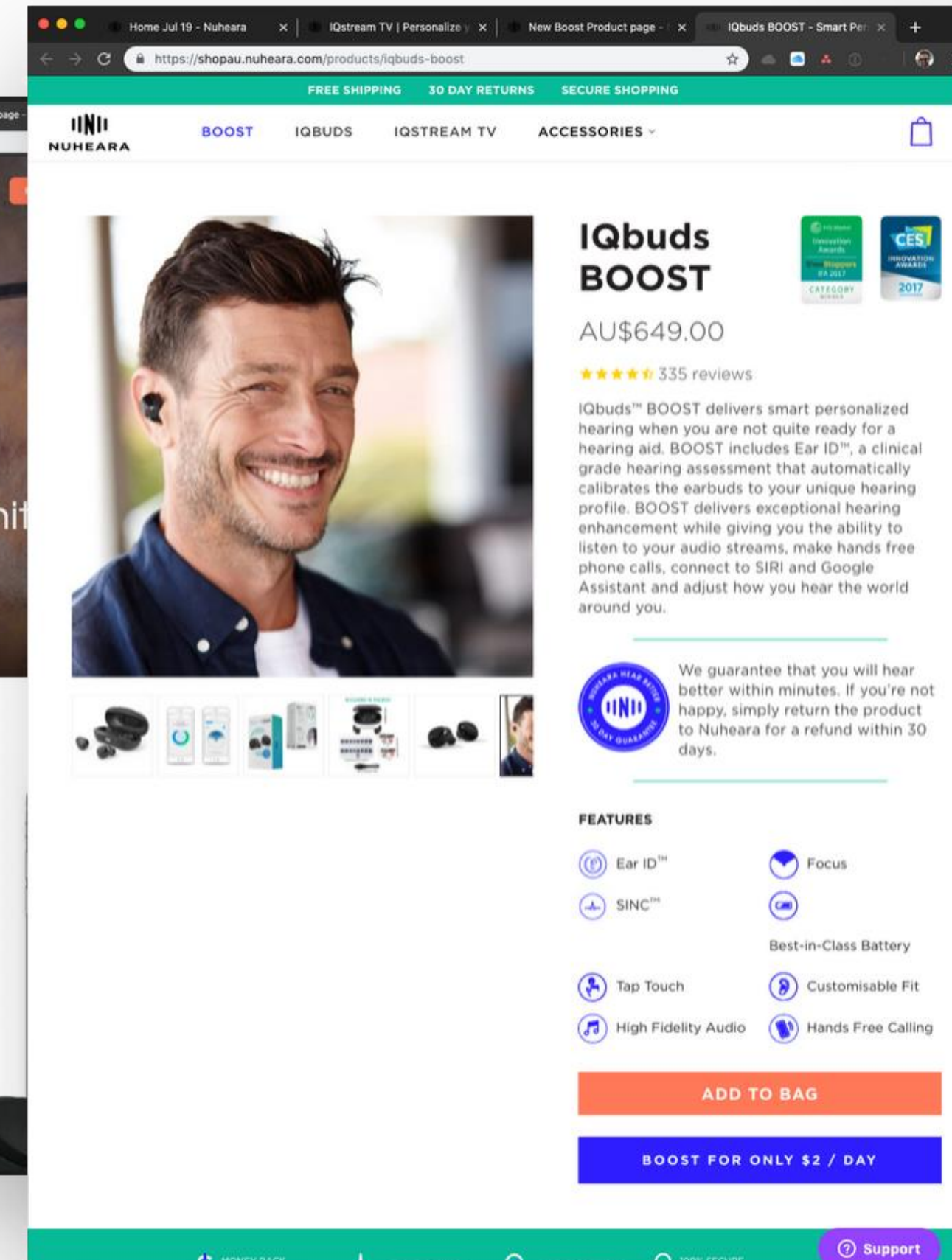
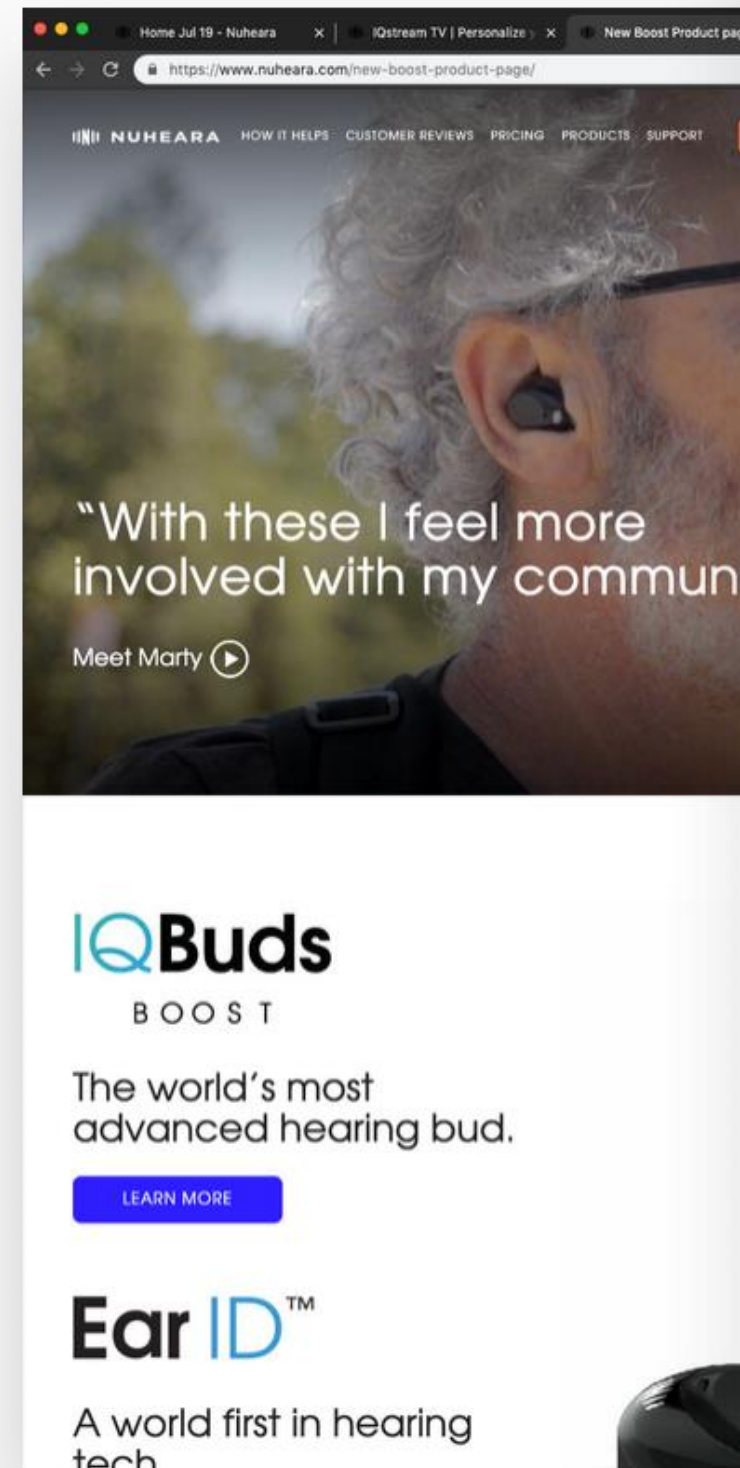
Access Sales Channels	Industry Trends	Over-The-Counter (OTC) Hearing	Government Endorsed Channels
<ul style="list-style-type: none"> ■ Nuheara has 3 years of global non-clinic hearing retail experience ■ Big consumer electronic partners continue hearing push - Best Buy introduce Nuheara Hearing Kiosks in North America ■ Optical chain hearing penetration in Europe ■ Direct to Consumer growth ■ Independent audiologists 	<ul style="list-style-type: none"> ■ Hearing customers want more control of their healthcare journey ■ First level hearing healthcare is moving to main street and away from stand alone clinics ■ Hearing healthcare already being serviced by Big Box, Pharma and Optical chains ■ Direct-To-Consumer (DTC) and online sales are increasing 	<ul style="list-style-type: none"> ■ OTC represents further broadening of retail opportunities but only with adequate self serve hearing solutions ■ OTC Hearing Aid Specification due to be published by FDA in late 2019 – early 2020 ■ Nuheara positioned well (in comparison to hearing aid manufacturers) to push further up valuation chain with an OTC product offering 	<ul style="list-style-type: none"> ■ Nuheara contracted as an approved supplier to the Australian Government's HSP and NDIS contracts for hearing ■ IQbuds BOOST & IQstream TV now (from July 1, 2019) bundled offering on HSP ■ Independent audiologist support ■ IQbuds BOOST selected as a hearable solution in UK's NHS hearing program for Scotland and Northern Ireland



OUR STRATEGY - DIRECT TO CONSUMER

NUHEARA WEBSITE DRIVES HIGH MARGIN SALES

- Metric driven approach to DTC ecommerce
- 7 Shopify sites globally all driving online revenue with focus on USA and Australia
- Growing database of engaged potential customers with online hearing screen (test) assistance
- Continue to test, fine-tune and optimize DTC engagement
- Rapid growth sales channel that is under our own control



OUR OTC STRATEGY

WE CAN SUCCEED BY PROVIDING A COMPLETE HEARING CATEGORY SOLUTION

Hearing BUDS

IQbuds offer multipurpose entry level hearing solutions that:

- Self Fit
- Self Test
- Auto configure
- Compel early stage hearing customer

Hearing AIDS (OTC)

- Completes patient centred hearing healthcare product offering
- Converts loyal hearing bud customer
- Upward not downward product offering for Nuheara
- OTC now fuelling an expanded range of retail partnership discussions for Nuheara in USA



Hearing KIOSK – IQconnect

In-store kiosks provide a simple entry point to help customers:

- SCREEN: Hearing screening – learn about your own hearing levels.
- EDUCATE: Learn about hearing loss.
- KNOWLEDGE: Product showcase – help consumers understand the products.

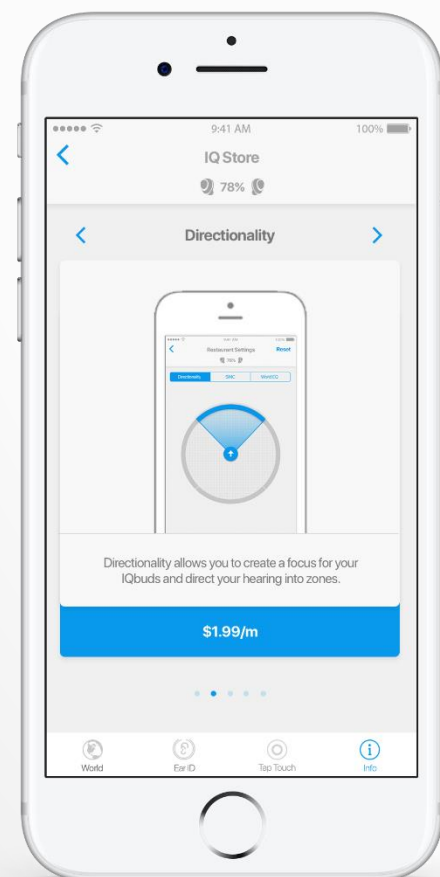
Hearing ACCESSORIES

Accessories that that compliment hearing experience and are supported across the complete hearing product range:

- TV streamer

PRODUCT DEVELOPMENT

OUR THIRD GENERATION OF HEARING BUDS & SOFTWARE



IQbuds MAX:

- Developed as a hearing platform that will spur multiple products.
- Designed to support hearing healthcare product lifecycles of up to 3 years – NOT as a short term consumer electronic headphone.
- Currently in final stage of pre-production.
- Certification and mass production to follow.
- Under NDA, MAX units from production line have been shipped to key partners for review.
- Nuheara App redesigned and built to support MAX platform.
- Measured additional expenditure required to launch.

IQstore:

- Enhances hearing eco-system for IQbuds platform
- Additional monthly revenue stream
- Post-purchase value enhancement
- Hardware, accessory, consumables purchases



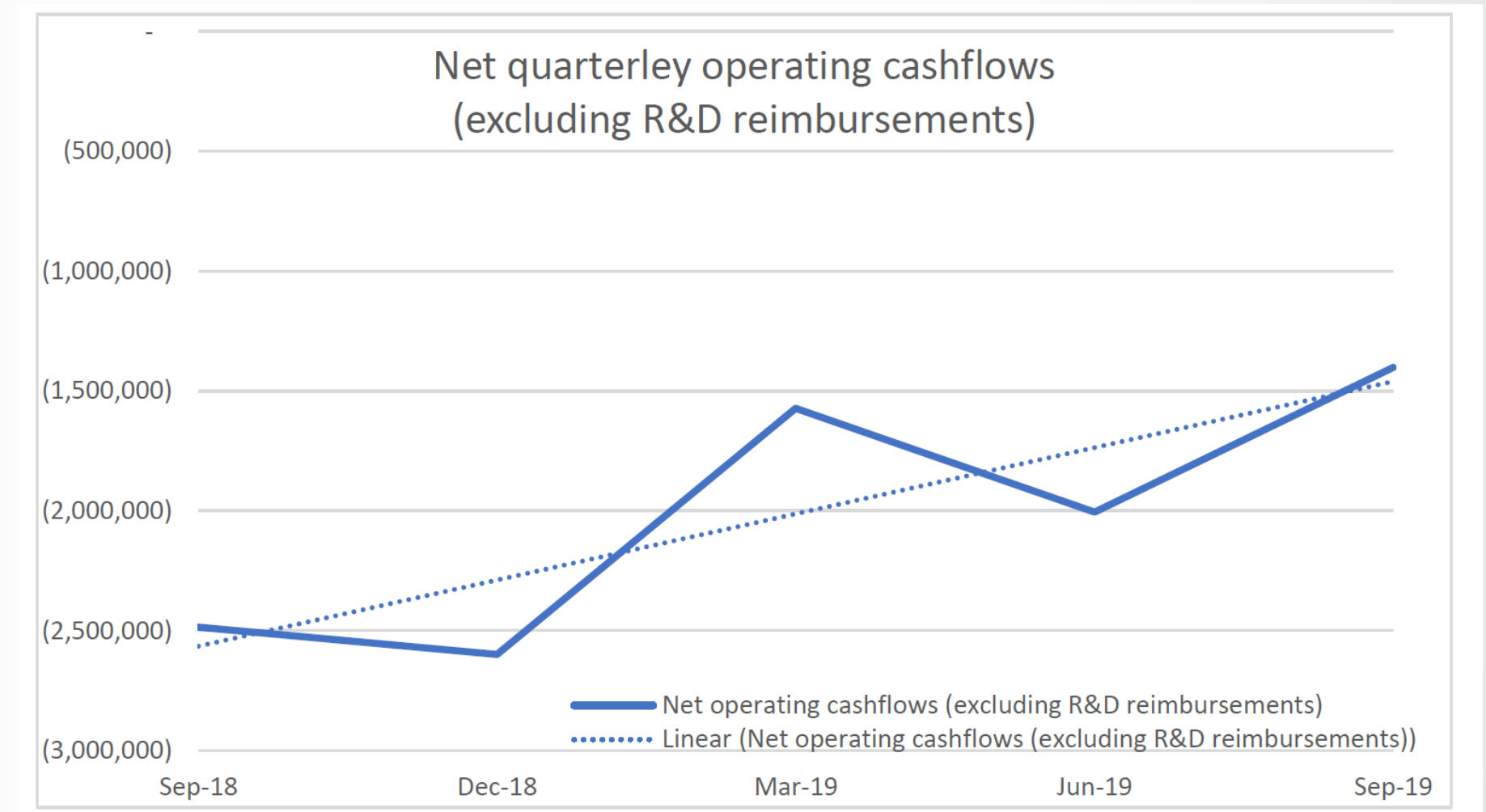
OUR RECENT RESULTS



Key financial metrics for the July to September 2019 quarter include:

- 30 September 2019 cash balance of \$4.3M, with zero debt;
- Cash receipts from customers for the quarter of \$452K, up 39% from \$325K of the preceding quarter
 - 69% of receipts were from Direct-To-Consumer transactions;
 - 76% of all sales were IQbuds BOOST
 - 44% attachment rate of IQ TVstreamer to all BOOST sales
- DTC Cash receipts for 1 October – 25 October 2019 of \$287K
 - Represents 64% of total cash receipts (92% of DTC receipts) from entire previous quarter
 - DTC positioned to continue positive sales momentum in to holiday season
- Consultative sales trials in North America and Europe expected to conclude post this holiday season
 - Confidence that the varying sales models developed will support store expansion
 - Any increase in store deployments can contribute materially to ongoing results
 - OTC developments are bringing further US consultative sales opportunities and partnerships to Nuheara

Improving cashflow with increasing sales



WHY NUHEARA

SUMMARY

- **Strong management team with significant experience**
- **Significant investment and development of technology**
- **Launched as a first-mover in consumer hearing healthcare space**
- **Now focussed on mild-to-moderate hearing loss product suite and expanding pipeline**
- **Significant growth opportunity for mild-to-moderate hearing loss segment**



THANK YOU

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