

# Quarterly Activities Report

For the quarter ended 30 June 2021

## Nuheara's FY21 sales up 517% to \$10.7 million

Nuheara Limited (ASX: NUH) completed a breakout financial year of growth in FY21 with a strong fourth quarter performance: generating \$1.9 million in customer receipts and \$1.5 million in invoiced sales revenue. Total invoiced sales (net of returns) for FY21 were up 517% to \$10.7 million, a record for the Company.

- **Customer receipts of \$1.9 million over Q4 FY21, up 140%** on Q4 FY20 (\$0.8 million), supported by strong Direct To Consumer (DTC) cash receipts.
- **Invoiced revenue of \$1.5 million over Q4 FY21 up 309%** on Q4 FY20 (\$0.4 million); with total FY21 invoiced revenue up 517% to \$10.7 million.
- A total of **15,117 IQbuds<sup>2</sup> MAX units** (net of returns) were invoiced in FY21.
- **Stability in DTC Return On Advertising Spend (ROAS)** of 1.8x average for FY21.
- **First shipment** of Nuheara manufactured Elite Wireless Earbuds to HP Inc. in May 2021.
- **Strong balance sheet** with \$7.3 million cash and no debt at 30 June 2021.

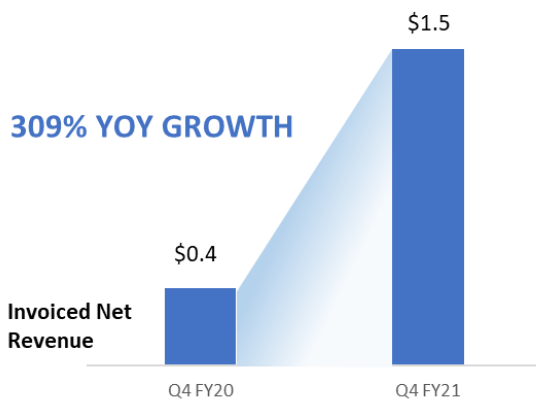
**Nuheara Co-founder & CEO Justin Miller said:**

*“Quarter 4 FY21 brought a strong conclusion to a record year that delivered 517% growth for the business. In incredibly difficult business conditions, the Company has well and truly announced itself as a global player in the hearing device market.*

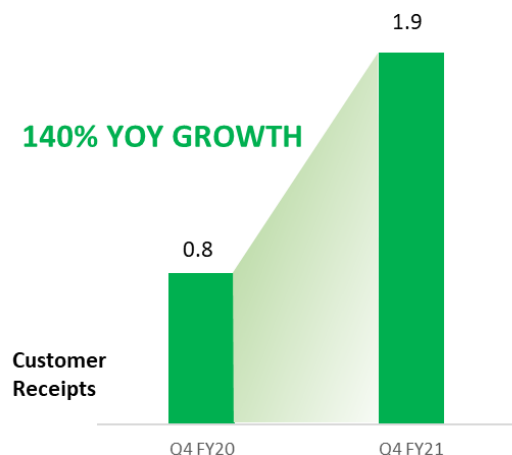
*“As DTC sales continue to build, the green shoots of brick-and-mortar based traditional retail return and our OEM business is shipping and set for scale. Nuheara’s omni channel sales strategy is now well conditioned and primed for further growth.*

*“As a proud Australian company, we have built a solid international customer base, with North America now being more than 70% of all our sales. Our strong growth, new products and regulatory changes, presents an attractive platform to further disrupt the global hearing device market in FY22.”*

**Q4 Financial Performance**  
(\$ in millions)



**Q4 Cash Receipts**  
(\$ in millions)

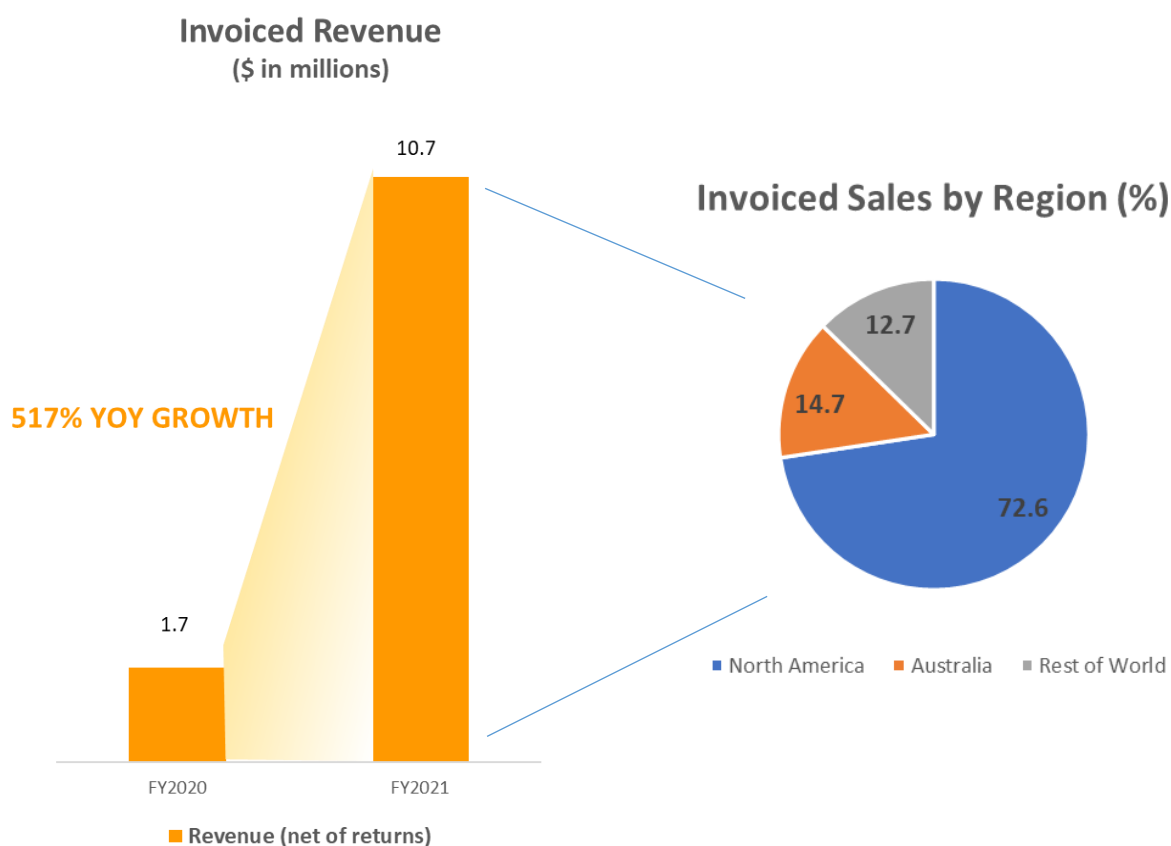


**Perth, 26 July 2021:** Nuheara Limited (ASX: NUH), transforming the way people hear by creating smart and affordable hearing solutions, is pleased to present this quarterly activities report alongside its Appendix 4C for the quarter ended 30 June 2021 (Q4 FY21).

**SALES AND REVENUE**

Nuheara continued to deliver record sales in Q4 FY21, with total invoiced sales up 309% to \$1.53 million (Q4 FY20: \$0.37 million). Over FY21, the Company grew revenue by 517% to \$10.74 million net of returns (FY20: \$1.74 million).

International sales continue to build, with 85.3% of all sales in FY21 being offshore. North America has 72.6% of Nuheara’s market share.



**Nuheara commenced shipping of HP Elite Wireless Earbuds**

The first HP branded product to be manufactured by Nuheara under the recently announced three-year umbrella supply agreement commenced shipment to HP in May. HP are expected to commence shipping bundled notebook units with the HP Elite Wireless Earbuds over the next few months.

## **Strengthened team to drive the next wave of growth**

### ***Appointment of John Luna as Global Business Development Manager***

John Luna was appointed Global Business Development Manager on 4 May 2021.

Based in the United States, Mr. Luna has spent most of his career in senior management and executive leadership positions, specialising in business development, sales and commercialisation of medical device and hearing healthcare products. Over his career he has been responsible for generating over \$200 million in revenue.

Most recently, Mr. Luna held CEO, COO and CBDO roles with iHEAR Medical Inc. and EARGO, respectively. His prior experience included leadership roles with established and emerging growth companies that disrupted hearing healthcare business models, including InSound Medical's Lyric™ device.

John's proven industry track record in establishing new business channels, partnerships and commercialising hearing healthcare products that take on legacy players will play a strong role in Nuheara's growth strategy as the Company scales globally.

### ***Establishment of Innovation Team***

Nuheara's newly established Innovation Team will work closely with the Company's Product, Operations, Marketing and Sales teams. The Innovation Team will further leverage global opportunities in the hearing healthcare market and enhance the use and take-up of Nuheara's products through methodical data analysis, deeper consumer insights and stronger digital audiological processes.

Commenting on the Innovation Team, Mr. Miller said: "Nuheara has critical data that can be leveraged to ensure the most effective product development. From millions of hours of customer usage data through to Direct-To-Consumer data, our Innovation team will analyse and synthesise that data to stay at the cutting edge of hearing device development. We have always been pioneers in the hearing healthcare space and our deep data analysis will continue to drive world-leading devices."

### ***Appointment of Nick O'Loughlin as Chief Innovation Officer***

Nick O'Loughlin was appointed Chief Innovation Officer on 22 June 2021. In his most recent role as Senior Vice President of Global Advanced and New Product Development at leading US Consumer Appliance brand SharkNinja, Nick led an international organisation, driving consumer-led innovation to deliver the strategic product roadmap to commercialisation and global launch.

Previous to this, Nick spent over a decade with Sunbeam Australia, culminating his tenure as General Manager of Design and Engineering. His work has been recognised with Red Dot and the Australian Design Awards and has secured numerous Patents.

Mr O'Loughlin's product development and global commercialisation and launch experience will elevate the Company's internal capabilities as Nuheara develops further new products and enters new markets to enable people to enhance their lives with its hearing devices.

### ***Appointment of Kathryn Penno as Director of Hearing Health***

Kathryn Penno, a Clinical Audiologist, was appointed Director of Hearing Health on 22 June 2021. She founded and ran a boutique online telehealth consulting company specialising in virtual care for clients as well as consulting to technology and not-for-profit companies. She currently lectures at the University of Western Australia and is sought after for thought leadership and panel discussions in the field.

Kathryn brings with her a wealth of business and healthcare knowledge and a determination to challenge the status quo in hearing healthcare. Her business acumen, industry knowledge and ability to engage with stakeholders will add a new layer of value to Nuheara's burgeoning hearing solutions offering.

### **Research & Development**

Research expenditure that is directly attributable to development activities is capitalised as an intangible asset under Australian Accounting Standards. As a result, expenditure of \$875k has been capitalised this quarter (Q4 FY21), representing growth of 1,383% on the previous quarter (Q3 FY21: \$59k) and is shown as "Payments to Acquire Intellectual Property" under cash flows from investing activities at item 2.1(e). This movement is mainly attributable to work on new generation of products.

### **Product manufacturing and operating costs**

The sale of Nuheara's third generation product, IQbuds<sup>2</sup> MAX, continued during the quarter. Orders have been placed for ongoing production runs for the remainder of the calendar year and into 2022. Cash outlay of \$0.44 million in Q4 FY21, which represents a 47% reduction on the previous quarter (Q3 FY21: \$833k), included deposits paid on advance production runs for both Nuheara and HP products as well as payment for completed units. This movement is mainly attributable to advance purchases of inventory completed in Q3 FY21.

### **Advertising and marketing**

Advertising and marketing spend of \$1.52 million in Q4 FY21 was up 40% on the previous quarter (Q3FY21: \$1.09 million), primarily due to the generation of online sales (DTC) and traditional retail sales channel support.

### **Staff costs**

Consistent with R&D expenditure noted above, employment expenses related to employees working on R&D activities have also been capitalised as an intangible asset under Australian Accounting Standards. There was 15% growth in quarter-on-quarter staff costs (Q3 FY21: \$675k, Q4 FY21: \$776k) with movement mainly attributable to new headcount (see key appointments noted previously – resourcing for growth).

The remaining staff costs represent corporate, operations, finance, administration, and marketing employees, including related party payments for non-executive Director fees, and salaries paid to executive Directors during the period (refer item 6.1).

Payments to related parties over Q4 FY21 were \$225k, which related to fees paid to directors and the CEO's cost of payroll for the period.

### **Administration and corporate costs**

Administration and corporate costs of \$0.54 million in Q4 FY21, were 23% lower than the previous quarter (Q3 FY21: \$0.7 million) reflecting changes made within the business to ensure the Company is well positioned operationally and financially to accommodate the requirements under the Statement of Works and Supply Agreement with HP and ongoing sales of Nuheara's core products.

### **Mineral assets**

There has been no change in mineral assets held during the quarter.

Nuheara's remaining mining asset consists of an 80% interest in a Net Smelter Royalty located in Northern Peru, held by its subsidiary Terrace Gold Pty Ltd. Nuheara intends to divest the asset as soon as it is commercially practical to do so.

### **INVESTOR BRIEFING DETAILS**

Justin Miller (Co-founder & CEO) and Jean-Marie Rudd (CFO) will host an investor webinar at 12:00pm AEST / 10:00am WST today. Following the presentation, participants will have an opportunity to ask them questions.

To attend the webinar, please pre-register at:

[https://us02web.zoom.us/webinar/register/WN\\_odqG\\_lb0R0m3b\\_4hLOaoTg](https://us02web.zoom.us/webinar/register/WN_odqG_lb0R0m3b_4hLOaoTg)

-ENDS-

#### **AUTHORISED BY:**

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### **ABOUT NUHEARA**

Nuheara is a global leader in smart hearing technology which change people's lives by enhancing the power to hear. 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. 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.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

NUHEARA LIMITED

**ABN**

29 125 167 133

**Quarter ended ("current quarter")**

30 June 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,895	8,846
1.2 Payments for		
(a) research and development <sup>(1)</sup>	(875)	(1,001)
(b) product manufacturing and operating costs <sup>(2)</sup>	(438)	(4,273)
(c) advertising and marketing	(1,522)	(4,030)
(d) leased assets	-	-
(e) staff costs	(776)	(2,420)
(f) administration and corporate costs	(538)	(3,175)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	27	1,968
1.8 Other (provide details if material)	1	150
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,222)</b>	<b>(3,926)</b>
1) These numbers exclude expenditure directly attributable to development activities that are capitalised as an intangible asset under Australian Accounting Standards. These capitalised development costs are shown as "Payments to Acquire Intellectual Property" under cash flows from investing activities at 2.1(e).		
2) Includes deposits paid on advanced production of IQbuds <sup>2</sup> MAX and HP Elite Wireless Earbuds.		
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(8)	(58)
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(e) intellectual property <sup>(1)</sup>	(855)	(3,907)
(f) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(863)</b>	<b>(3,965)</b>

1) Comprising capitalised development costs of \$778k (YTD \$3,692k) and capitalised patent and trademark applications of \$77k (YTD \$215k).

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	11,720
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	4	89
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(59)	(863)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(210)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(55)</b>	<b>10,736</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	10,416	4,431
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,222)	(3,926)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(863)	(3,965)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(55)	10,736
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,276</b>	<b>7,276</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,309	2,449
5.2	Call deposits	4,967	7,967
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,276</b>	<b>10,416</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
225
-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

Directors' fees paid to non-executive Directors and salaries paid to executive Directors

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,222)
8.2 Cash and cash equivalents at quarter end (item 4.6)	7,276
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (Item 8.2 + item 8.3)	7,276
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.3

*Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.*

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 JULY 2021

Authorised by: BY THE BOARD  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

# Further Information

## Webinar/Conference Call

Nuheara Managing Director and CEO Justin Miller and CFO Jean-Marie Rudd will hold a webinar to discuss the quarterly results.

Date: Monday 26<sup>th</sup> July 2021

Time: 10.00am (AWST)

Registration Link :

[https://us02web.zoom.us/webinar/register/WN\\_odqG\\_lb0R0m3b\\_4hLOaoTg](https://us02web.zoom.us/webinar/register/WN_odqG_lb0R0m3b_4hLOaoTg)

## Authorised by:

**Justin Miller**

Managing Director and CEO  
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## Investor and media enquiries:

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## 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 Foster  
Independent Non-Executive Director

David Buckingham  
Independent Non-Executive Director

### Company Secretaries

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

Securities Exchange  
ASX: NUH

### Registered Office

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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

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[administration@nuheara.com](mailto:administration@nuheara.com)