



## 2022FY Q3 Results

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# Agenda

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# Summary Q3 FY22

## Nuheara positioned for US regulated Hearing Aid Market

- ✓ Undertook final step in meeting regulated medical device standards with clinical trials and US FDA 510(k) submission for self-fit hearing aid
- ✓ Landmark US FDA ruling for over-the-counter (OTC) hearing aids opens potential US addressable market of 40+ million customers (Sept/Oct 2022)
- ✓ Global Agreement with HP Inc. to develop, manufacture and market Nuheara hearing aids under HP brand – US to start
- ✓ Continue to expand Traditional Retail with a further 50 US Best Buy stores added (291 total) and Amazon marketing initiatives
- ✓ Commenced supply into Australia with Connect Hearing - Sonova global supply agreement - with other regions planned to follow in Q4
- ✓ Strong inventory levels of consumer electronics product with substantial retail brand support to transition to hearing aid product sales next financial year





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Hear that sound





# Quarterly Activities

## Providing the necessary financial support for US regulated Hearing Aid market entry

### ✓ Continued US Traditional Retail (TR) Focus in Q3

- Investment in new US headquarters to drive and support growth, including repositioning of key employees
- 73% of all sales were generated from the TR Channel, up from 29% in corresponding quarter in previous year
  - DTC marketing spend down 35% on previous quarter as focus applied to TR as online sales softened
  - Q3 Revenue down 37% on previous quarter (Q2 traditionally the largest quarter of the year due to holiday sales periods)
- 59% of all sales generated YTD have been from North America, 27% Australia

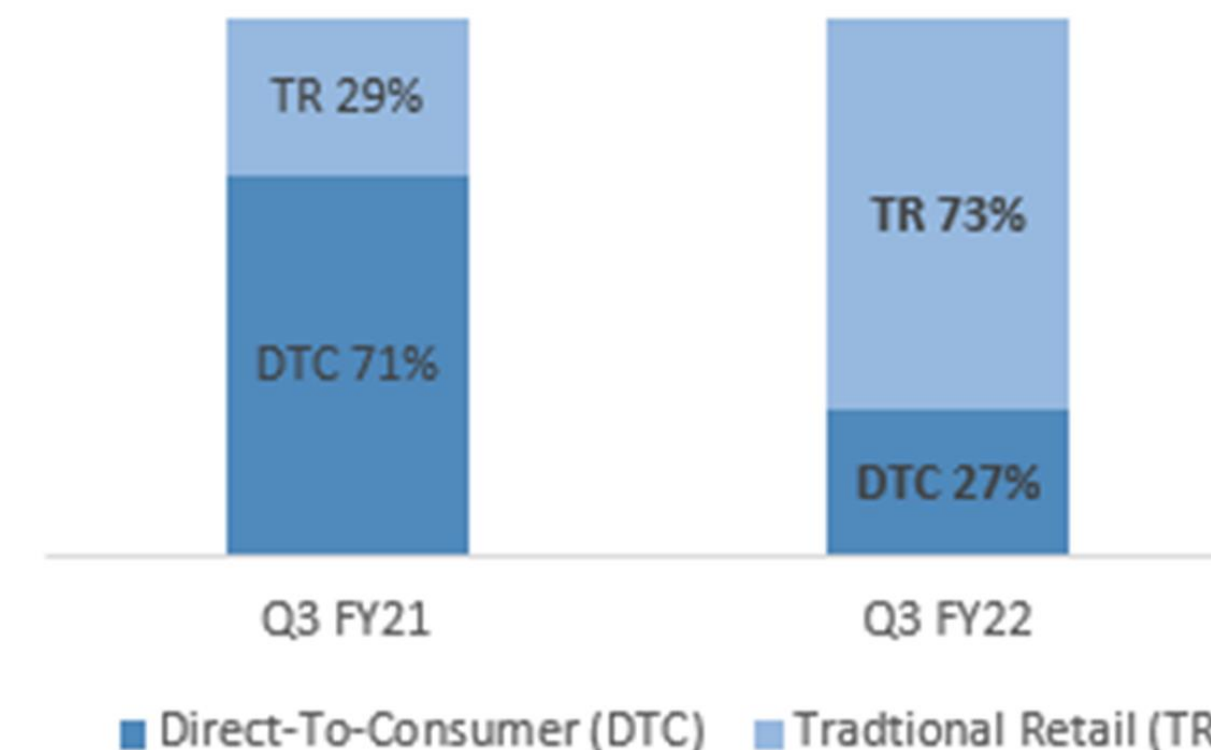
### ✓ Cash Management and Inventory

- \$1.7m in cash at end of Quarter plus receivables
- Global component shortages de-risked with \$7m of manufactured stock (increase from previous quarter) to provide buffer as hearing aid products brought to market later in calendar year
- R&D capacity to pick up additional funding
- Outflows in quarter higher than usual due to significant one-off expenses that added significant value to business:
  - Increased stock levels
  - US Restructure created short term overlap in internal and external sales and marketing roles
  - Medical Device Clinical Trials & UL Certifications
  - US FDA 510(k) submission (now completed)
  - QA Application and Audit: ISO 13485 (medical device quality certification)
  - Legal Fees – necessary to protect trademarks and new medical device IP (Patents)

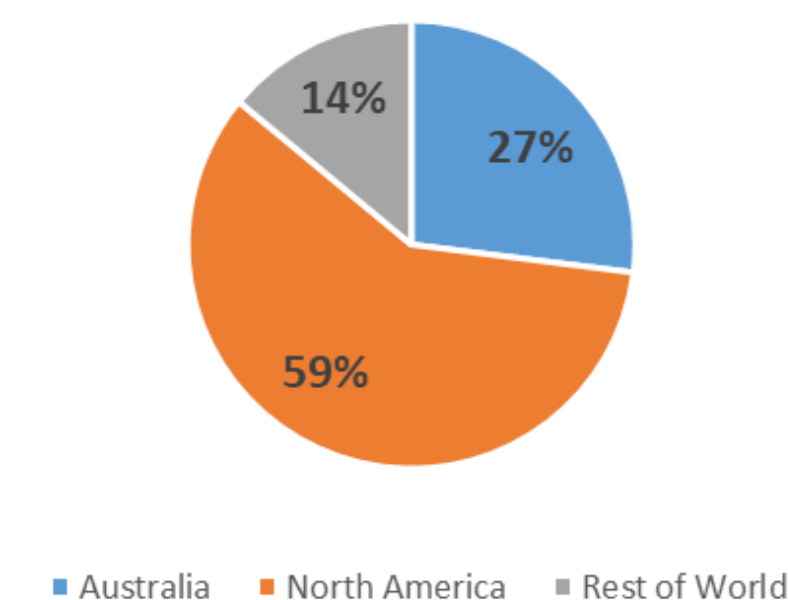
### ✓ Investing to continue growth trajectory

- Working to develop stronger cashflow through new hearing aid product lines, with higher ASP's and margins

Invoiced Sales by Channel (Qtr)



FY22 YTD Invoiced Sales by Region





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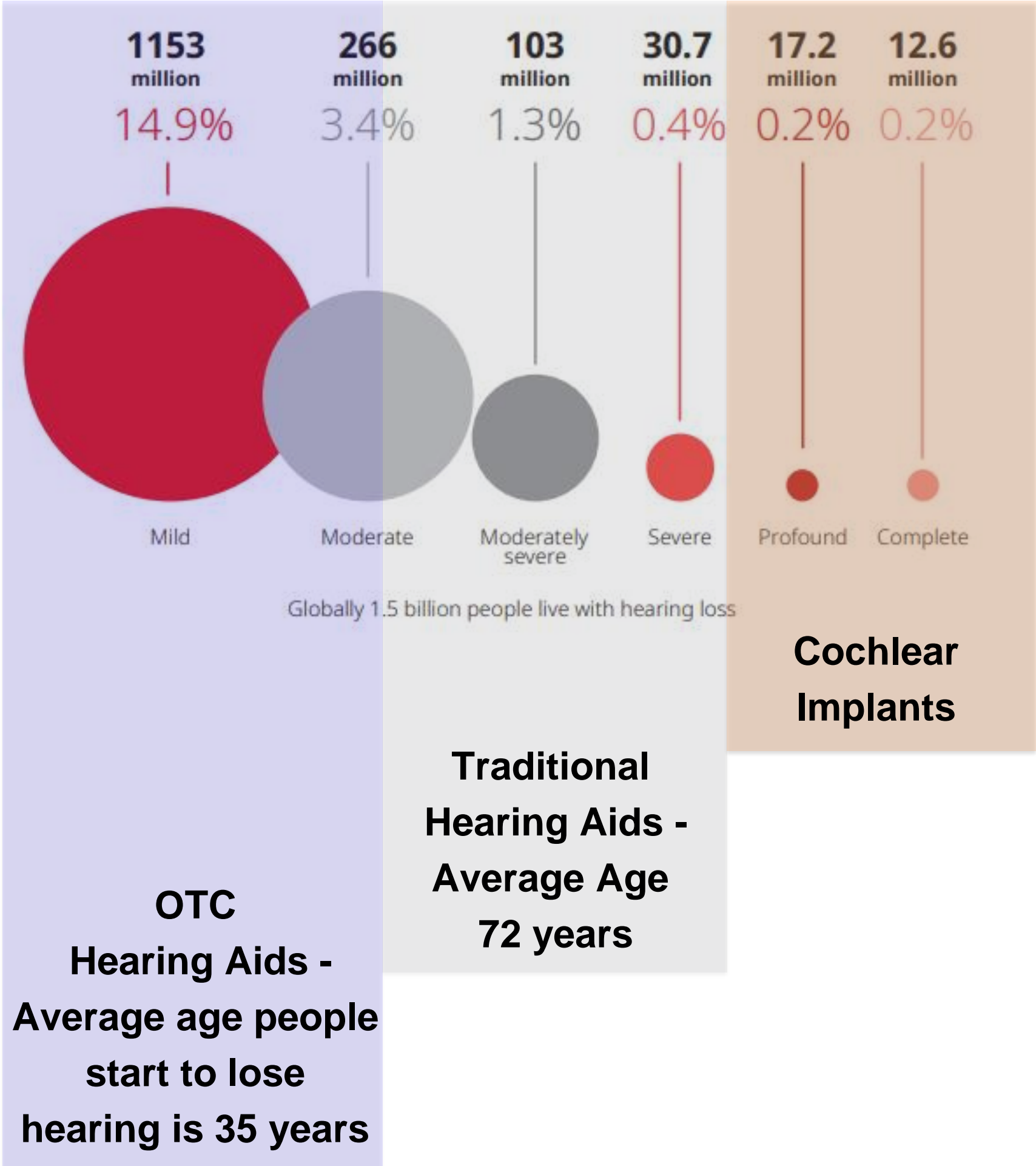




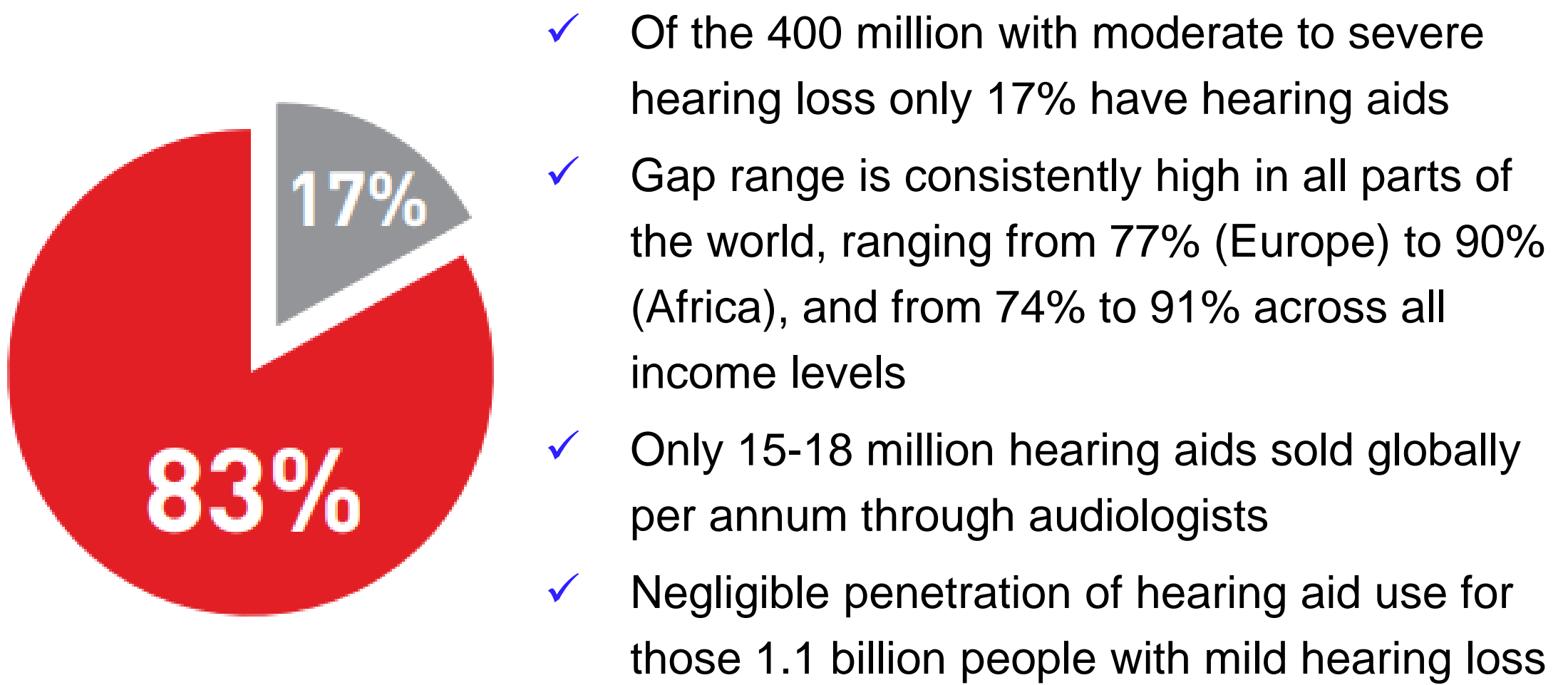
# The hearing market opportunity for Nuheara

Meeting the unmet global need in hearing health

## 01 20% of global population have hearing loss



## 02 Massive gap in global hearing aid use



**Sell innovative, accessible and affordable self-fit hearing aids to the 1.5 billion mild to moderate hearing loss customers**

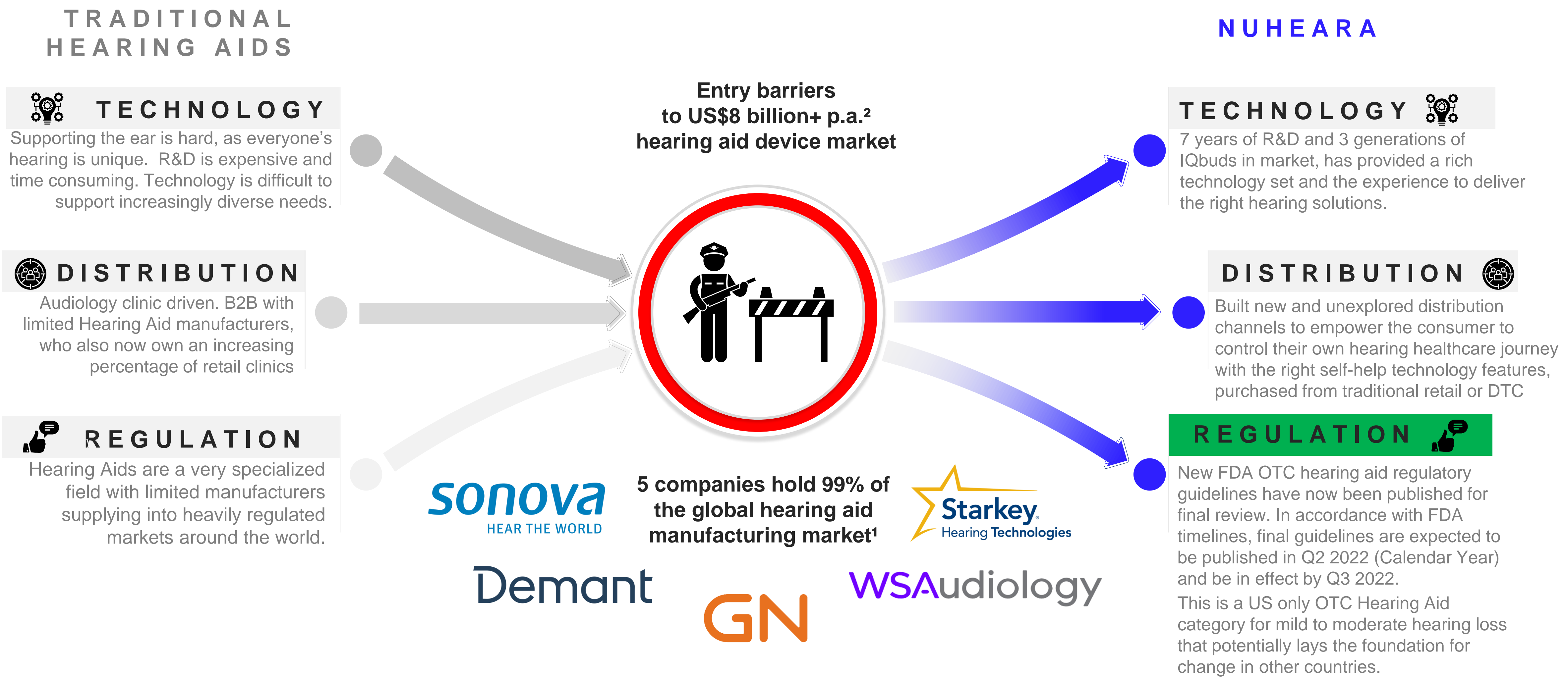
Worldwide: 83% of all people with a moderate to severe hearing loss (disabling) currently live without hearing aids



All data sourced from World Health Organisation: World Report on Hearing, 3 March 2021

# Nuheara enters the regulated hearing aid market

7 years building hearables category has helped us overcome barriers to entry for hearing aids



Source 1: UBS, Longer Term Investments – Medical Devices, 11 April 2019, Page 13  
Source 2: Markets and Markets, Hearing Aid Market by Product Type, July 2021



# US FDA issues landmark proposal for OTC Hearing Aids

## What this New hearing aid category means to Nuheara

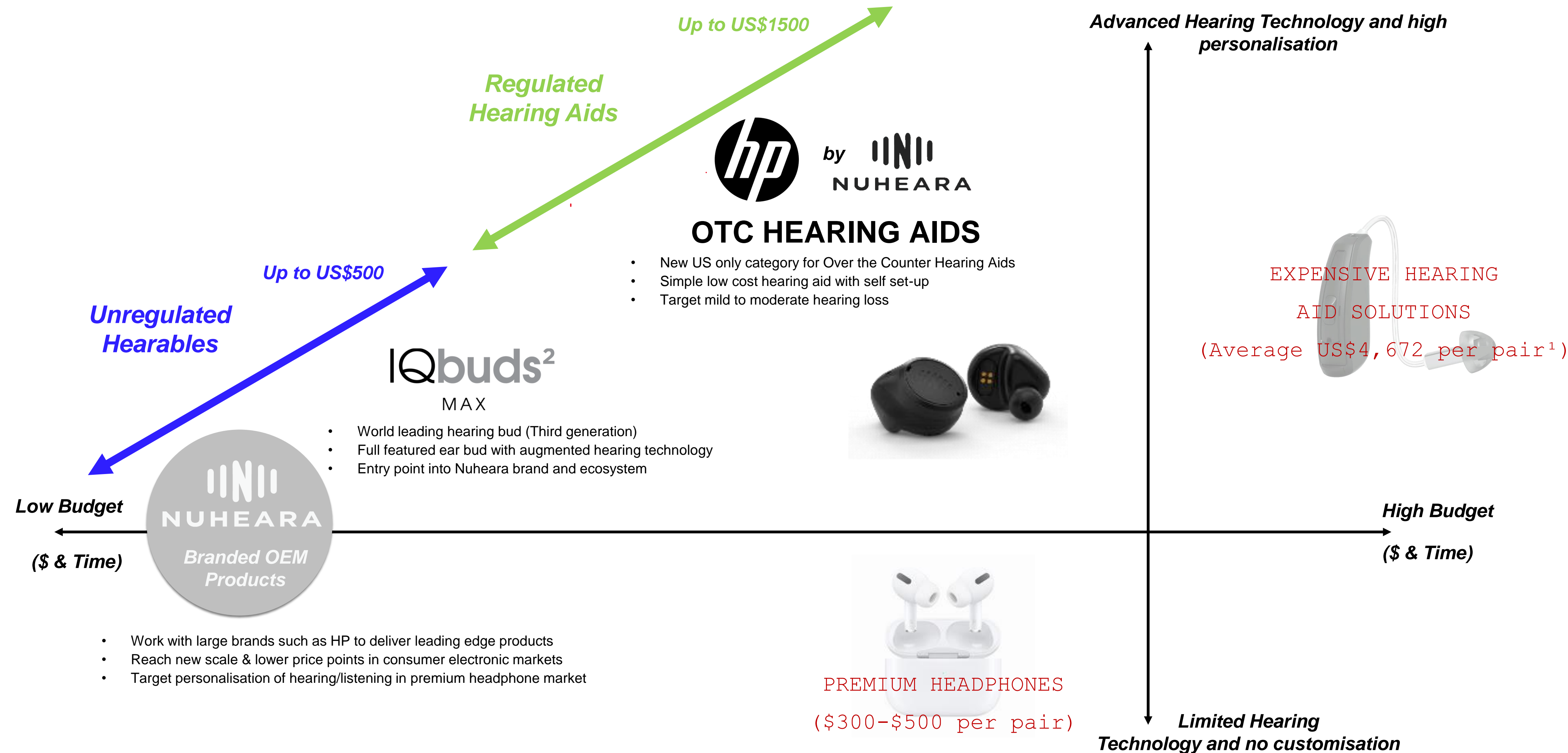
- ✓ Levels playing field with big 5 hearing aid companies – 510(k) required now for all OTC hearing aids
- ✓ OTC significantly opens up regulated points of distribution to the consumer – DTC, Consumer Electronics Retailers, Pharmacy Chains, Specialty Retail, Big Box
- ✓ Nuheara has existing relationships with major players (Best Buy, Walgreens, Amazon)
- ✓ New self-fit service models will allow consumers choice from hearing clinics – professional intervention is unscalable
- ✓ Self-fit technology will dominate OTC product innovation. Nuheara is a pioneer in this with Ear ID™ since 2018
- ✓ Our pursuit of FDA certification in US has been a time consuming and costly exercise but very necessary





# Transitioning from Hearables to Hearing Aids

FDA OTC Hearing Aid Legislation will limit the marketing and sales of Hearables in US



Source 1: Technological Advancements in the Hearing Aid Industry, Ahlstrand and Green, 2021



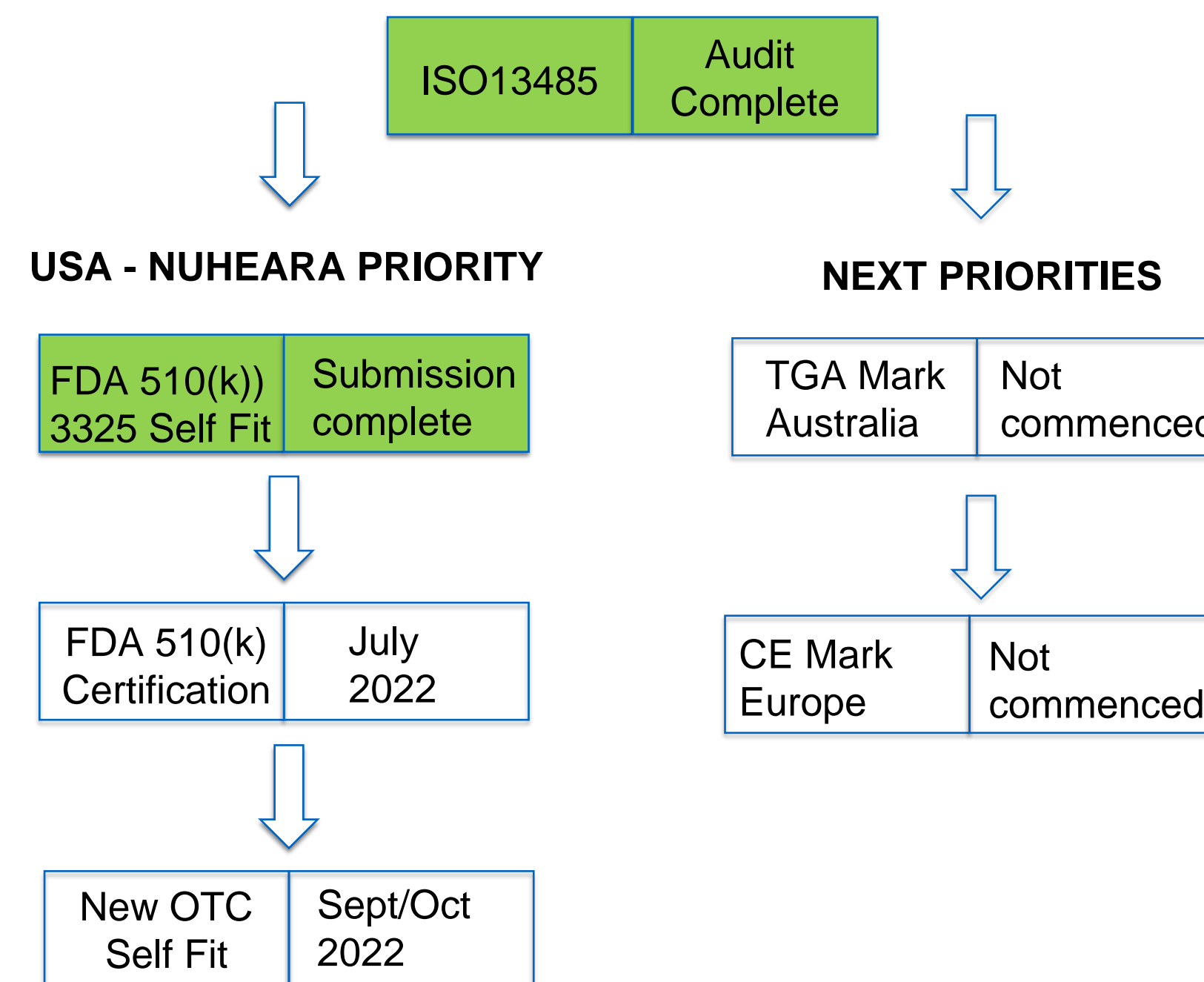


# Nuheara clinical trial & regulatory certification

## Our pathway to being a medical device company

- ✓ Average medical device regulatory certification takes 7-10 years to complete
- ✓ 7 years of having Hearable products in market with clinical validations, assisted in Nuheara completing US FDA 510(k) submission in 12 months
- ✓ Nuheara's 510(k) with a 3325 Self Fit Hearing Aid included:
  - ✓ Clinical Trial of hardware and software to international standards
  - ✓ Product biocompatibility testing incorporating cytotoxicity, irritation, and sensitisation tests
  - ✓ UL certifications
  - ✓ ISO 13485 audit to medical device standards
- ✓ 3325 Submission will allow Nuheara be one of the first Self-Fit Hearing Aids and ensure Nuheara has a smooth transition to the OTC category (800.30) expected in Sept/Oct 2022 when first new OTC products can enter the market
- ✓ Expansion to other countries expected as regulations change in other jurisdictions, importantly with reusable support data and certifications

|  |          |
|--|----------|
| Clinical Trial – International Standards | Complete |
| Biocompatibility                         | Complete |
| UL Certifications                        | Complete |





# Transitioning from DTC to Traditional Retail

As retail consumers return to brick and mortar, so has Nuheara

- ✓ DTC remains important to Nuheara, but we have seen a softening trend in the DTC sales results over the course of the financial year
- ✓ As COVID restrictions lifted, consumers have returned to brick and mortar or traditional retail stores for purchase
- ✓ Affecting the best, with Amazon online sales down for Jan-Mar 22 quarter and physical stores sales rising by 17%
- ✓ Physical stores, or Traditional Retail, are affordable and scalable to Nuheara with product being the only major upfront cost
- ✓ DTC has major upfront marketing costs, limiting continued expansion
- ✓ Trade off with Traditional Retail is delays in payments terms
- ✓ Best Buy is best example - created in-store Hearing category, featuring Nuheara, launched in November 2021
- ✓ Expansion has now to 291 Best buy stores in US with Nuheara product
- ✓ Best Buy well prepared for OTC Hearing Aid launch later in 2022



Figure 1: Best Buy outlets selling Nuheara products in USA, preparing Nuheara well for OTC Hearing Aid launch later in 2022



# Why HP Brand licensing is important to Nuheara hearing aids

## Hearing brands are widely unknown to the average retail consumer

- ✓ Traditional Retail will lead OTC as product comparisons and demonstrations can be easily made – Brand identification is critical
- ✓ Current hearing brands sold within Best Buy include Nuheara, Eargo, Lucid and Lexie – none of which are household names
- ✓ Major hearing brands of Sonova, Demant, Starkey, WSAudiology and GN are also relatively unknown
- ✓ GN sub-brand Jabra and Sonova sub-brand Sennheiser are somewhat known
- ✓ HP is one of the most trusted and recognisable names in US
- ✓ HP brand provides Nuheara OTC Hearing Aid products with credibility and instant brand recognition
- ✓ HP brand increases sales opportunities both in-store and online – also saving time and money
- ✓ HP brand provides Nuheara with access to many more major US retailers and as OTC Hearing Aid regulation expands to other countries, other global retailers
- ✓ Nuheara retains right to sell products under own brand and manufacture OEM





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# Key Priorities for Q4 FY22

- ✓ Increase sales of stocked product
- ✓ Continue building fortress USA, in preparation for OTC Hearing Aid launch
- ✓ Drive growth through expanding range of traditional retail partners with both in-store and online product offerings
- ✓ Reset DTC sales with new US support structure and marketing initiatives
- ✓ Achieve US FDA 510(k) certification
- ✓ Close out one of many OEM product opportunities being considered
- ✓ Continue R&D with innovative hearable and hearing aid solutions with next generation of products/form factors
- ✓ Drive investor awareness in the size of value and opportunity created as medical device company





CHANGING THOUSANDS  
OF LIVES AROUND  
THE WORLD

**NUHEARA**  
Hear that sound



QUESTIONS?



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