

# ASX MARKET RELEASE

## 2019 EXECUTIVE CHAIRMAN'S ADDRESS TO AGM

28 November 2019 – Perth, Australia

Good Afternoon Fellow Shareholders,

My name is Justin Miller. I am the Executive Chairman of Nuheara and it is my pleasure to welcome you to Nuheara's 2019 Annual General meeting at our head office here in Perth.

Firstly, please let me acknowledge my fellow directors who are present at today's meeting - Non-Executive Directors Kathryn Foster and David Buckingham along with my co-founder, Executive Director and Chief Marketing Officer, David Cannington.

Also present at today's meeting is our Company Secretary, Susan Hunter, joint Company Secretary and Chief Financial Officer, Jean-Marie Rudd, and representatives from the Company's auditors Walker Wayland.

I would also like to acknowledge the remaining members of our C-Suite, including our Chief Product Officer, Alan Davis, who is in attendance and our Chief Operations Officer, Michelle Halle who unfortunately is interstate today.

There will be an opportunity to discuss any questions you may have informally with myself and other members of the Board and management present here today, over refreshments, at the conclusion of the meeting. This will also provide you with an exclusive opportunity to trial Nuheara's soon to be released IQbuds MAX product and accessories.

With that, I am pleased to present to you today my review of 2019 and an overview of the Company's prospects going forward. However, before I do, here is a short video of our history and better still what is yet to come.

<https://www.nuheara.com/video/a-history-of-nuheara/>

### Introduction

Since our inception in 2016, Nuheara has focused on effecting positive change in the world of hearing – globally reach the 1 Billion+ people suffering from mild to moderate hearing loss that find current hearing solutions either unaffordable, inaccessible or simply not fit for use. To cater to this massively underserved market, we set out to design and manufacture leading edge smart hearing bud products, create a new smart hearing category and build a sustainable and scalable global retail channel.

Certainly high aspirations and completely aware that we are corporately flanked by multibillion-dollar hearing aid companies and even larger consumer electronics companies.

There was, and still is, an acceptance that this journey would not be without its challenges.

Accordingly, 2019 has proven to be the most important and defining year in the Company's brief history. Over the course of 2019 we set out to:

- Broaden research, development and manufacture of world leading hearing buds and accessories
- Create further hearing healthcare awareness of Nuheara's category of smart hearing technology and products; and
- Develop dependable and scalable global retail sales channels.

## Product Development

At this time last year, we spoke of the challenges the Company faced in providing product direction and clarity to a more targeted hearing healthcare market. In 2019, the Company responded with IQbuds BOOST upgrades, new hearing software features and hearing related accessories such as IQstream TV – an incredibly successful accessory that since May 2019 has now delivered a 44% attachment rate to all IQbuds BOOST sales.

In January 2020 Nuheara will not only celebrate the three year anniversary of the first IQbuds shipment but, 40,000 pairs of IQbuds sold around the globe. And this date will also signify the expansion of our product range with the release of our third generation IQbuds MAX platform.

The original IQbuds MAX concept was introduced at CES2019. In light of new innovations in hardware and software that would provide even more powerful points of difference, during 2019 the Company took the opportunity to improve upon the original concept. The result of this development is a completely new and significantly more advanced smart hearing bud platform that will allow Nuheara to produce multiple customized product variants in the future. Now in production, the first of these products, a new superior and highly improved MAX, will be formally released at CES Unveiled on January 5<sup>th</sup> 2020.

## Building a Scalable Sales Channel

One of the more challenging aspects of Nuheara's hearing healthcare focus in 2019 was the need to rationalise the retail channel for our newly developed higher value and specification products. Bringing hearing healthcare to main street remains a significant part of Nuheara reaching mass product sales.

But, put simply, beyond Hearing Clinics, there were no hearing healthcare retail sales channels. It became increasingly evident that our new category of smart hearing healthcare products would require a different level of consultative sales expertise beyond some of our current traditional retailers' capabilities.

Over the past nine months Nuheara has worked closely with a number of targeted retailers in an effort to drive consumer awareness, acceptance and transaction in our hearing healthcare products.

Of note, these have included Specsavers in Europe and Best Buy in North America.

Specsavers has now trialled our products in many stores, across varying demographics, with differing point of sale experiences. This culminated in our November 2019 attendance at the Specsavers partner seminar where Nuheara was presented to the 2000 delegates as part of the Specsavers' *"Store of the Future"*.

Best Buy has also made progress with the recent installation of our second generation IQconnect Kiosk in 10 of their Canadian stores. While the number of store deployments with both of these retailers is still not near mass scale, significant progress and confidence is being gained in providing more store deployments.

It is our own Direct To Consumer (DTC) sales channel that has demonstrated the strongest potential and scalable sales capacity. Without a doubt, this has been our fastest growing and most profitable retail sales channel.

I am pleased to advise that the sales from DTC store sales in the current quarter to date, totals more than \$600k and momentum remains strong.

Our ability to hone: through test-fail-tweak-success, proliferate targeted online advertising, educate, market, transact, is proving to be a highly successful and scalable sales channel in FY20.

Our unique offering including the ability to screen customers with a hearing test and provide convenience and discreteness of a multipurpose customised hearing product straight to the customer door is an added benefit that is enhancing this sales channel.

This is a data driven sales process and one our marketing team is effectively responding to in real time marketing capacity. Experience gained in each successful transaction is then used to drive more online visits, more awareness, and more conversion.

Awareness of Nuheara's products in 2019 has also been driven by some successful appointments to fully subsidised government hearing contracts in Australia and the UK. Opportunities with Australia's Hearing Service Program (HSP) and National Disability Insurance Scheme (NDIS) as well as NHS hearing contracts in the UK, have yet to yield material sales. However, as product awareness grows, there remains significant sales opportunities.

Research provided by both the Centre for Auditory Neuroscience at the University of Melbourne and the Ear Science Institute Australia has shown the potential for Nuheara's smart hearing buds to support children on the Autism Spectrum and also children with Auditory Processing Disorder.

This dramatically expands our reach beyond traditional hearing loss and further validates Nuheara's ascension to the NDIS.

## Outlook

Over the past year, wireless earbuds, led by the likes of Apple AirPods, have become an increasingly crowded and priced focused product category. This was critical in our considered decision to focus on high value hearing healthcare products and markets, where functionality, a complete hearing health hardware and software solution, and a consultative sales process are key differentiators. Importantly, growing use of traditional wireless earbuds is helping to drive acceptance and normalisation of all in ear devices.

At the other end of the hearing spectrum we still have a hearing aid category that has seen an absence of true innovation and due to a lack of competition, is a market that remains expensive and inaccessible to the millions of people requiring hearing assistance at the mild to moderate level.

The potential of our new technology and products to transform this aspect of the hearing healthcare market has been well documented today. We are gaining consumer traction and supported by the belief that the hearing customer, so long dictated to by a third party, is starting to take control of their own hearing healthcare at an earlier stage of the journey.

Significantly, over the coming year, this will be further supported by changing regulation: with the FDA in the US due to publish guidelines for an over the counter category of hearing aids by February 2020.

This is where Nuheara's opportunity is: in ensuring that our brand becomes synonymous as a solution offered by the over the counter category. From a marketing perspective, if we crack this nut, we will be able to take on legacy companies – institutions in fact – in the hearing space.

There are three key drivers that we believe will support continued revenue growth for Nuheara and enable mass sales: sustained scaling in Direct To Consumer sales, delivery of new multipurpose hearing products to expand Direct To Consumer sales and also drive traditional retail expansion, and promotion of regulatory changes that support customer centred hearing healthcare.

I do acknowledge that there remains much work for us to do. And we are absolutely committed to harnessing this opportunity that the North American market presents to us in 2020.

I am very proud of the achievements of the Company to date and would like to thank the hard work and effort of our Board, the executive team and all of our wonderful employees. Importantly I would also like to thank our shareholders and the growing base of loyal customers for your tremendous support.

I would like to end with one phrase: *survivor or thriver*.

Since inception, we've survived. We pioneered a new market category with innovative new products that target an unmet need for a large part of the population. That required investment capital, resolve and patience.

We survived despite an onslaught of wireless electronic buds proliferating the market.

And that's because for those customers we do reach – they are converted for life.

Going into 2020, I firmly believe we have the strategies in place to thrive. We have the right products, we have made significant inroads into building market awareness of Nuheara's smart hearing category, and we are starting to gain early traction in the new sales channels we are developing. We see our target very clearly. And we remain a deeply focused team.

Thank you.

-ENDS-

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## ABOUT NUHEARA

Nuheara is a global leader in smart personal hearing devices which change people's lives by enhancing the power to hear. Nuheara has developed proprietary and multi-functional intelligent hearing technology that augments a person's hearing and facilitates cable free connection to smart devices. Nuheara is based in Perth, Australia and has an office in New York, USA. Nuheara 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. Nuheara products are now sold online and in major consumer electronics retailers, professional hearing clinics 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. Learn more about

Nuheara: [www.nuheara.com](http://www.nuheara.com).