



INVEST IN AUDICUS

**The pioneer in telehealth for hearing loss,
providing customized hearing aids and care for
70% less**

audicus.com

New York, NY



Technology

Hardware

Consumer Goods

Subscription

VC-Backed

Highlights

VC-Backed

Raised \$250K or more from a
venture firm

\$10M+ Revenue

Earned over the last 12 months

- 1 \$14M gross revenue run rate, \$10M annually reoccurring. HQ'd in New York City
- 2 Subscription revenue growing at 65%+ yoy, with over 4x LTV/CAC
- 3 Team from MIT, Stanford, McKinsey, P&G, Bose & Bain Capital. 4 out of 5 VPs are former founders
- 4 4.7 star rating on 9,000+ reviews, \$100M+ in saved hearing aid costs, 100,000+ better hearing ears
- 5 \$8B+ market with huge growth tailwinds from recent FDA deregulation towards Over-the-Counter (OTC)
- 6 High capital efficiency: \$7M raised from TIA Ventures, Howzat, Flatiron Health & Onemedical founders
- 7 At cusp of EBITDA profitability. Projecting cash-flow positive by end of 2024
- 8 40%+ of recurring revenue from sticky partnerships with government programs (Veterans, Medicare/aid)

Featured Investors



Howzat Capital

Invested \$650,000 ⓘ

Follow

HOWZAT Partners is a venture fund for early stage internet media businesses. Prior investments include Trivago (sold to Expedia Inc), TrustedPlaces (sold to Yell Plc), Zoomf (sold to Trinity Mirror Plc) and JustSpices (sold to Kraft Heinz).

"In 2012, Patrick Freuler founded Audicus on the simple principle that getting a high-quality hearing aid should be easy, accessible and affordable."

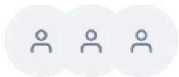


Sam Sadoulet (Lead Investor)

Invested \$68,141 

Follow

"I am an early investor in Audicus, and have been following the story for years. I was initially attracted to the mission of the company to bring accessibility and affordability to such an important area. Since then, I have been impressed with how customers have reacted to Audicus, and with how capital efficient the company has been in growing the business. I am now enthusiastic to be investing again at this stage, as Audicus looks to be on the cusp of an exciting inflection in growth, with the Veteran's Administration and their move into in-store partnerships."



Other investors include [TIA Ventures](#), [Middleland Capital](#), [Continuity Capital](#)

Our Team



Patrick Freuler CEO/Founder

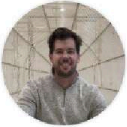
MIT Aerospace Engineering (B.Sc., M.Sc.). McKinsey consultant and Bain Capital investor. Bootstrapped and built Audicus from nothing in his living room. Avid marathoner and triathlete. Also swam around Manhattan once.



Steve Romine COO



EE from Notre Dame; JD from Duke. 18 yrs at Bose Corp; operated Bose Health division focused on OTC hearing. Developed OTC strategy for Demant, multi-billion dollar hearing aid company. COO at Audicus; growing DTC business & new OTC retail verticals.



Logan Munro CTO

MIT Mechanical Engineering (B.Sc.). Cofounder and Head of Engineering at Ringly (a16z-backed wearables company). Healthcare consultant at Rosetta (now Publicis). 7 years at Audicus, overseeing tech, product, systems, logistics and audiology.



Andre Sequin CFO

Cornell undergraduate, Yale MBA. Head of equity research for the Internet space at RBC. Former founder of companies in tech and CPG. VC investment committee and advisory committee at BIG. Member of the U.S. Masters Field Hockey team.

The pioneer in telehealth for hearing loss, providing customized hearing aids and care for 70% less.

Audicus is on a mission to eradicate hearing loss, by making hearing aids and hearing care accessible and affordable to everyone.

Hearing is one of our five senses and losing it disconnects us from our loved ones and the world. Yet, like so many areas of healthcare, hearing aids are prohibitively expensive and inaccessible to most.

We believe that everyone deserves to hear, connect and age in good health - which is why we've created Audicus, a leading telehealth solution for hearing aids. We have pioneered the process of remotely testing your hearing, ordering customized hearing aids online and receiving telehealth support - all for 70% less.

We are addressing a massive, under-penetrated market opportunity (+\$8Bn) and are transforming thousands of lives for the better.

Hearing loss is highly debilitating, creating a large & growing market

- Hearing loss is an isolating condition that cuts us off from the world and our loved ones. If left untreated, hearing loss can lead to dementia, cognitive decay and depression. Hearing loss affects over 40M Americans, mostly comprised of veterans and those above the age of 50.
- While there is no cure for hearing loss, hearing aids can be a highly effective solution for many. However, due to prohibitive out-of-pocket cost and an arcane delivery model, only one in four people with hearing loss own a hearing aid.

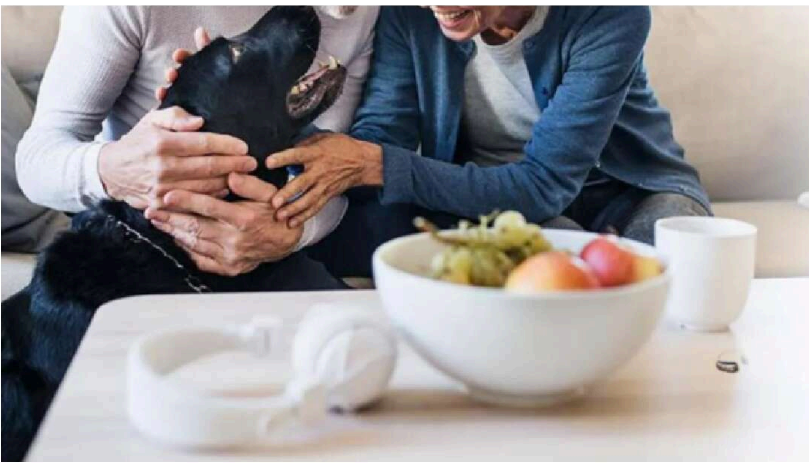
The hearing aids market is large and growing



43M

Americans with hearing loss

\$8B



\$8B

Current US Hearing Aid Market

<25%

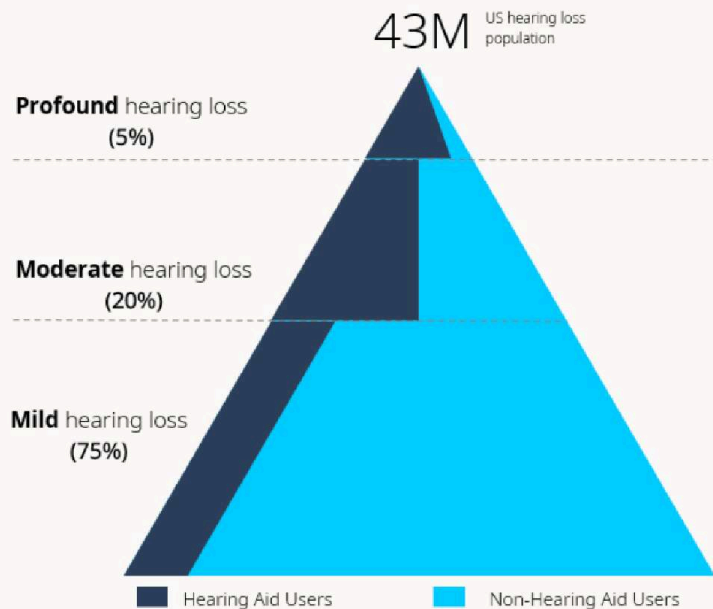
Own a Hearing Aid

Why?

Cost | Inconvenience | Stigma

- Most hearing aids in the US are dispensed through traditional, brick and mortar hearing clinics ("audiologists"). The process is lengthy, requiring in-booth diagnostics, recommendation, customization, fitting, follow ups and support.
- A pair of hearing aids will cost on average \$5,000 and is often paid of pocket by the patient, since insurance coverage is sparse. The reason hearing aids are so expensive, is not because of the technological complexity of the devices, but rather due to retail markups - or middlemen costs - imposed by audiologists.
- With the goal of creating more access for consumers, the FDA introduced a major piece of deregulation in October 2022: the OTC hearing aid act, making hearing aids available "Over-the-Counter" - analogous to the eyecare industry's introduction of "OTC reading glasses" in mass retail.
- This has created a massive opportunity to tackle a large, under-addressed \$8Bn market with a tech-enabled solution that brings down those adoption barriers.

A new regulatory change will fuel massive market expansion



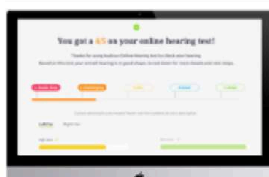
- The US is a highly under-addressed **\$8B** hearing aid market. To counter it, the FDA introduced the **Over-the-Counter (OTC)** hearing aid act in Oct '22.
- **OTC** allows traditional retailers to offer hearing aids off-the-shelf, without the need for a licensed, clinical audiologist ("reading glasses for the ear").
- It is expected to **double** the hearing aid market.

Source: Sonova, WHO

Audicus will lead the new market expansion

Audicus is a leading tele-audiology solution for both consumers (60% of revenue) and organizations (40%). We have pioneered the process of remotely screening hearing loss, customizing hearing aids, and providing telecare support - all at a fraction of the cost and time.

We've digitized the clinical experience, bringing together affordability, convenience and unmatched service





1. Our proprietary hearing test can be done in 15 minutes with any headset and is free of charge.
2. The test can be used to customize a hearing aid, which is then delivered to our users by mail.
3. Most importantly, our team of specialists and audiologists are proactively providing telecare support - and are even able to adjust hearing aids remotely through our app.

For more on how our hearing aids work, [watch our product demo!](#)

Why our users love Audicus

Audicus' track record is second to none: we have amassed over 10 years of experience as a pioneer in tele-audiology, crossing major milestones:

- 100,000+ better hearing ears
- 300,000+ hearing screens conducted
- \$100M+ in total saved hearing aid costs since inception

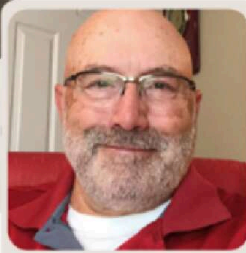
AUDI



★★★★★

The service is unbeatable! These are my second pair of Audicus hearing aids and couldn't go a day without them.

Sandy K. - New York, NY



★★★★★

I felt good about the people, the company, and the fact that Audicus wants me to have a good experience.

Gene S. - Des Moines, IA



★★★★★

I have been a customer for years and it seems to only get better. Nice people and great care with incredibly updated tech.

Ann L. - Scottsdale, AZ



Audicus:
Most Innovative
Company 2024



Audicus Omni:
Best Overall
OTC Hearing Aid
2024



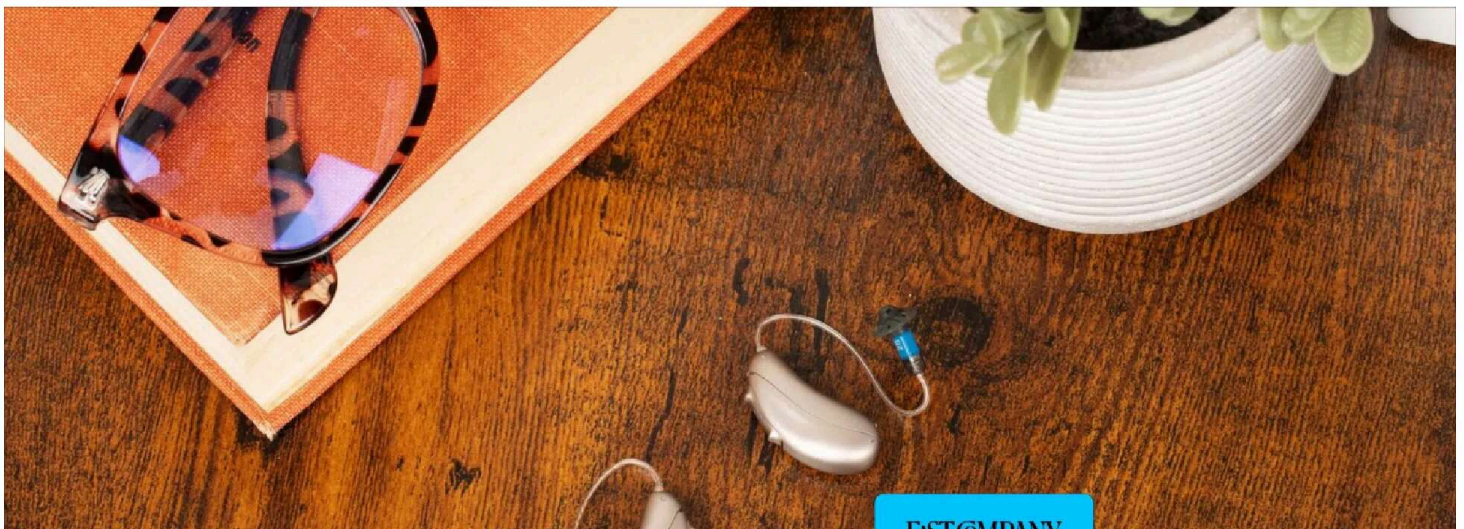
Audicus Omni:
Expert Choice
Award 2023



Audicus:
Best Customer
Service 2024

With 9,000 user reviews and a 4.7/5.0 star rating, our customers particularly love:

- Our tele-health support process, infrastructure and team, comprised of audiologists, product specialists and support experts
- The convenience of our hearing test and remote hearing aid adjustment features
- Our cutting-edge hearing aid technology is sourced from the #1 manufacturer and has won multiple design awards over the years



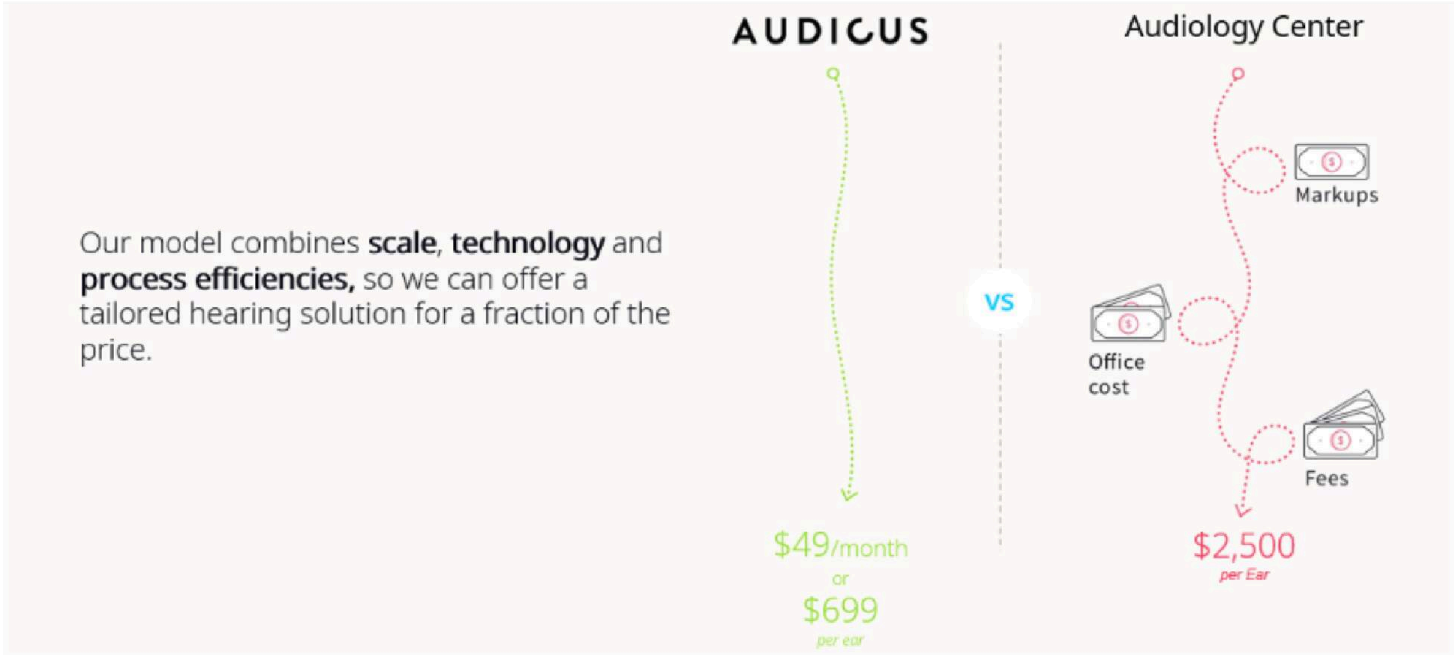
FST COMPANY



Audicus hearing aids are best in class and have won multiple design awards over the years.

A structural price advantage without compromising on quality of hearing care

Our model combines scale, technology, and process efficiencies, so we can offer a tailored hearing solution for a fraction of the price. Our approach removes the traditional audiology markups and passes on these savings directly to our end-users.



As a result, our users receive cutting edge hearing technology and support - with great patient outcomes - all for a fraction of the traditional cost of care.

Differentiated by effective, high value care



We already have significant market traction

- 2023 gross revenue of \$14M (a 32% 4 year CAGR). Approximately 70% of revenue is reoccurring and as of Q124, translated into a run rate of about \$10M ARR.
- 2023 net revenue of \$12M projected to grow at 40%+ in 2024. Net revenue is after all discounts, promotions, returns, cancellations, and refunds.
- Thanks to high gross margins, we are quickly approaching EBITDA profitability in Q3 of 2024.

- We are extremely efficient: everything we have built to date was accomplished with \$8M in capital. High focus on sustainability, metrics and ROI, are deeply rooted in our culture and trace back to our bootstrapped beginnings, where capital efficiency was vital.

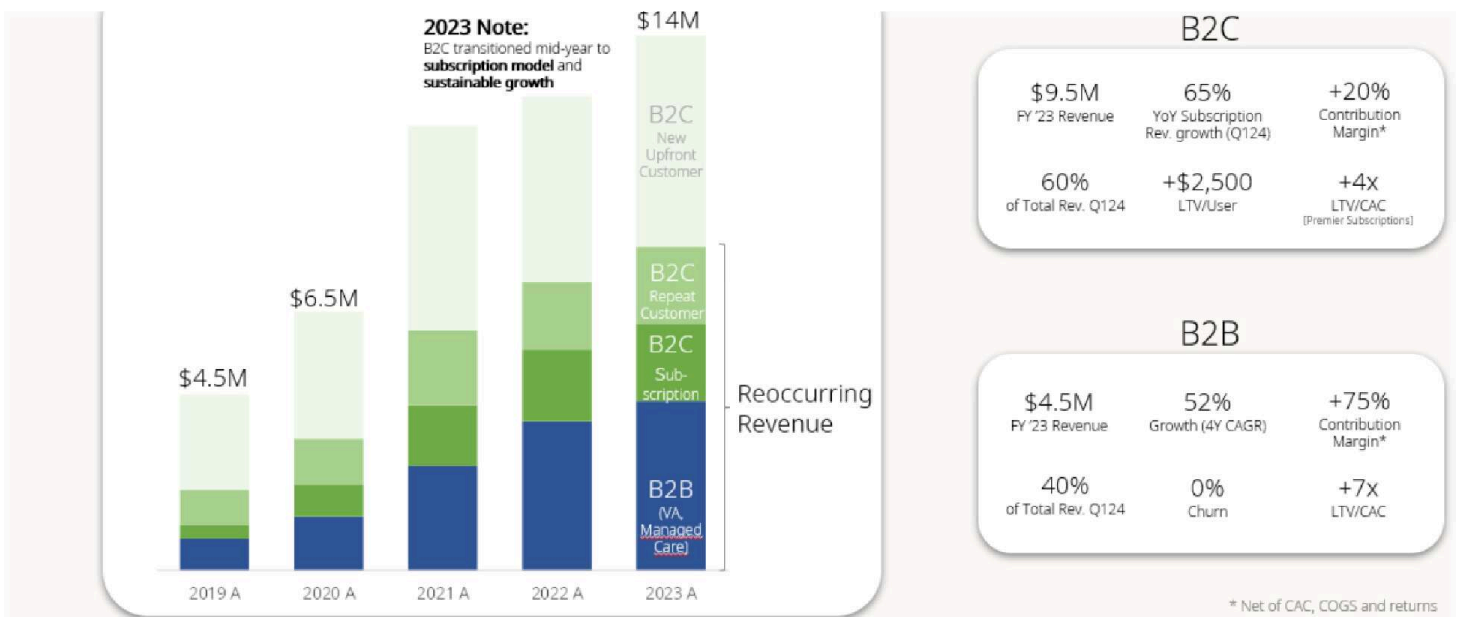


Audicus has diversified its revenue across two divisions:

- Consumer (60% of revenue)
- B2B partnerships (40%)

Diversified revenue, high traction and profitable economics





In 2023, the Consumer division experienced a sharp uptick in user growth thanks to the launch of **Audicus Premier**, our award-winning “hearing as a service” subscription model. It drastically reduces the upfront price barrier for hearing aids, with a unique value proposition: users get advanced hearing aids, expert care, warranties, and supplies - all for \$49/month per device (plus an activation fee).

We’re transitioning to a proven, unique “hearing as a service” subscription model



- 1 You get...**
 - Advanced hearing aids
 - Dedicated expert care
 - Supplies and hygiene packs
 - Extra warranties
- 2 You pay...**
 - \$199 signup fee
 - \$49/month, per device
- 3 After 18 months...**
 - Exchange your device for a hearing aid upgrade, so you're always on the latest features.
- 4 Don't love it?**
 - Return your device anytime to cancel

Premier has been complementary to our traditional buy-to-own model and has significantly accelerated our ability to acquire customers sustainably:

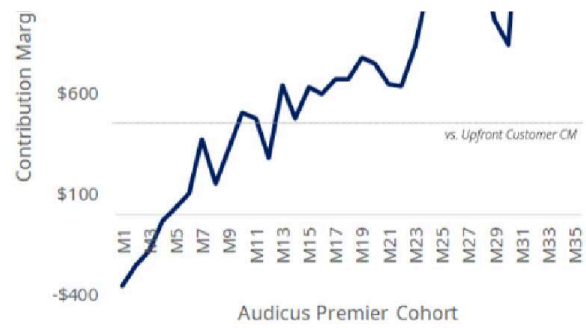
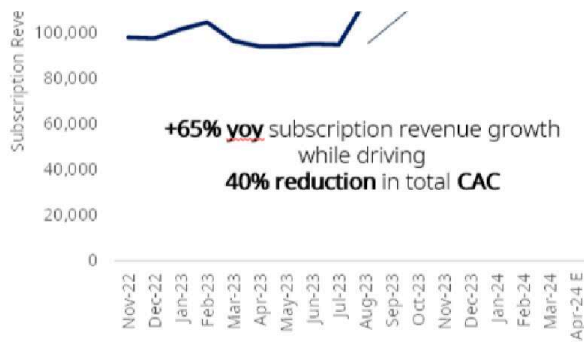
- Recurring subscription revenue has increased 65%+ year-over-year (as of Apr '24)
- ... and CACs are 40% lower across the entire B2C division

The rapid recent growth in Premier was driven by:

- i.) Word of mouth from existing customers, earned press coverage and awards
- ii.) A dedicated product specialist team to sell and provide churn support
- iii.) Smart allocation of paid media budget

Over the long run, Premier has a significantly higher LTV than the upfront purchase model - and thus much better contribution margins. While Premier's subscription payments over time to have an initial negative impact on working capital when compared to upfront sales, we achieve breakeven around 7-8 months and quickly see a financial advantage thereafter. The model has also allowed us to transition from a pure eCommerce business towards a recurring model, with significant valuation upside.





Audicus Premier, combined with the high reoccurring nature of B2B partnerships (e.g. Veteran Affairs, Medicare and Medicaid programs, etc.), has increased our total annual reoccurring revenue to account for ~70% of our business as of Q124.

Reoccurring revenue streams are the fastest growing, the most profitable, the stickiest and also exhibit 4-7x LTV/CAC. Growing these revenue streams will be core use of this capital round.

Our go-to-market strategy has two massive growth vectors: B2B partnerships and OTC/Retail

New regulatory shift allows us to accelerate into huge new partnership and retail verticals



Teleaudiology (B2C)
70% of Revenue



Partnerships (B2B)
Managed Care and Insurance
30% of Revenue



We have already started expanding into B2B Managed Care partnerships - and will accelerate it significantly

Our B2B vertical is centered around developing turn-key hearing solutions for large organizations that need to provide hearing care to their patients. Our value proposition provides unprecedented:

1. Cost advantages for patients and partners
2. Efficiency of care through convenience and speed, without compromising on quality
3. Reach and expansion of coverage to under-addressed markets (e.g. rural areas, immobilized)

These partners can span homecare companies, veteran organizations, senior care programs, or correctional care.

We train our partner's local healthcare workers on how to administer our hearing test to their patients and subsequently have our in-house audiologists review the hearing tests, program the hearing aids and ship them to a partner location, where the support is done locally by the healthcare worker.

Many of these organizations are directly tied to government funds and

Audicus is often the only provider. This creates highly recurring, sticky and profitable revenue streams that can be maintained efficiently, with very few account managers.

Our Managed Care strategy has two focus areas



Note that totals are not guaranteed

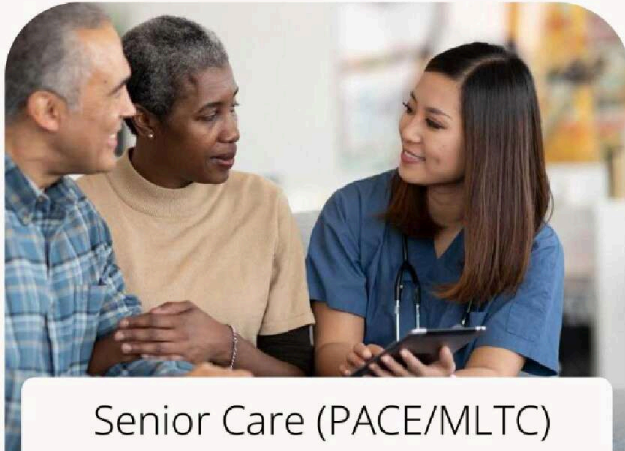
Managed Care constitutes a massive opportunity, on the order of \$100M's of millions per vertical (Government, Medicare and Employers/Labor). Becoming dominant within just a few key partners could grow Audicus revenue several times over.

Our existing Managed Care partnerships are centered around:

- Specialized Medicare & Medicaid programs (e.g. PACE, Long Term Services & Support)
- Correctional Care

- **Veteran Affairs**

We've built a specialized care division with \$5M in ARR...



Senior Care (PACE/MLTC)

Audicus allows Medicare/aid-backed programs to:

- Increase coverage and reduce downstream costs
- Reduce hearing care cost
- Improve STARS rating

We cover ~45% of all PACE organizations.



Correctional Healthcare

Our solution allows DOC-backed healthcare orgs to:

- Improve hearing aid and audiology costs
- Reduce logistics and risk
- Reach compliance with state-mandated coverage

We cover ~40% of the Correctional Care market.

PACE stands for "Program of All-Inclusive Care for the Elderly" and provides medical and social services to elderly people still living in the community. Most PACE participants are dually eligible for both Medicare and Medicaid, which comes with a dedicated paid benefit for hearing aids.

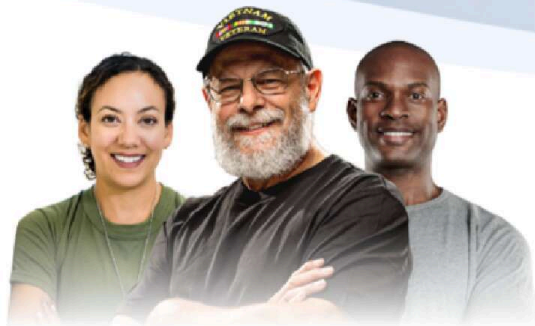
Audicus can provide hearing aids at a price point that allows a PACE participant to receive hearing aids without having to incur any out-of-pocket costs (i.e. it's covered by the program/plan).

PACE was Audicus' first inroad into the insurance and managed care space and has laid the groundwork to expand into other Medicare/Medicaid areas and build a track record with government sponsored programs, such as the VA or Corrections.

Starting new partnership with Veteran Affairs (VA) in 4Q23



**VETERANS
EVALUATION
SERVICES**
A Maximus Company



- The VA needs to conduct regular medical evaluations of its members – including hearing tests. However, it is **significantly backlogged** (10,000s missed evaluations per year).
- It has subcontracted this large evaluation volume to 3rd parties like VES and Audicus.
- **Audicus to use its tablet-based hearing test**, coupled with local and remote audiologists to provide evaluations for **fixed fee/test**.
- Audicus **has started in 3-5 pilot locations between 4Q23-1Q24**, with a total rollout potential of 50-100 locations and **+\$30M in recurring revenue**.
- ... and the **potential to expand** with more solutions into the largest hearing aid administrator nationwide.

The Veterans Affairs (VA) is by far the largest single dispenser of hearing aids in the US. Hearing loss is the #1 disability among veterans and one in every four hearing aids goes to a veteran. The VA is a massive apparatus, comprising **\$100M's in dispensed hearing aid value per year**.

Our first partnership with the VA (started in November '23) consists of providing hearing evaluation support through our team of audiologists. **Our VA business is ramping at a rapid pace and is expected to become a \$2M ARR business by year end.**

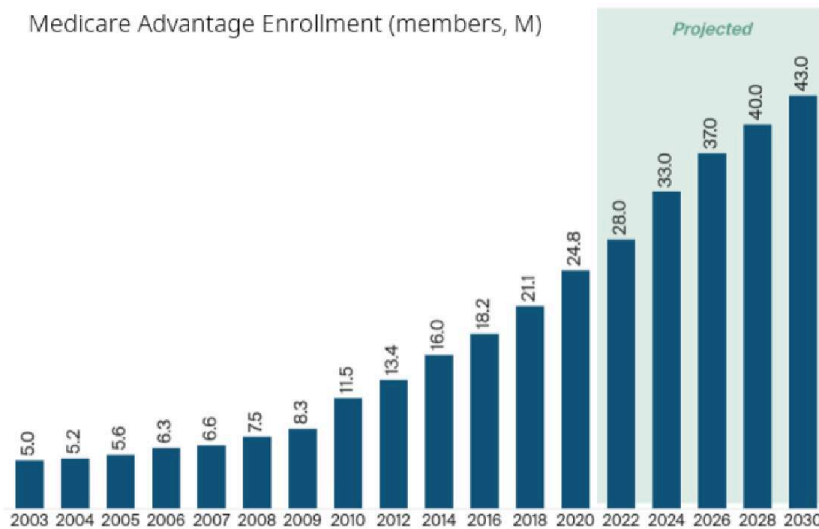
After having established this proof point, we intend to push deeper into the VA through the provision of hearing aids and tele-audiology support.

We are expanding into massive new managed care markets, like Medicare Advantage

like Medicare Advantage



Medicare Advantage Enrollment (members, M)



- MA plans have experienced unprecedented growth
- Most MA plans now offer a partial hearing aid benefit, typically administered through expensive 3rd party benefit managers

nations benefits **TruHearing**

- Audicus can provide much more cost-effective MA plans
- ... and unparalleled convenience under the new OTC regulation (i.e. supplemental benefit)

Source: LEK

The other two massive opportunities are Medicare Advantage (MA) and Employer verticals, each \$100M's in size, which will be central to our expansion strategy. Medicare Advantage in particular has started covering hearing aids through Third Party Benefit Administrators (TPA's) - the largest of which have become \$300M revenue businesses. MA coverage will mature over the coming years, where insurers will look for far more affordable hearing solutions - especially with the onset of OTC. This is where Audicus has a massive opportunity to become the affordable and accessible go-to teleaudiology solution.

A portion of this capital raise will be allocated towards building dedicated teams to pursue these two verticals head first.

With a major recent regulatory shift, we are expanding into OTC/retail

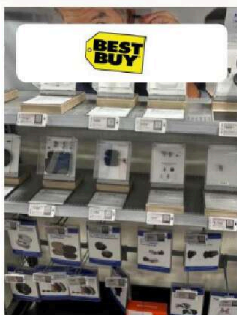
The recent regulatory shift by the FDA in October '23 has created massive opportunities in physical and online retail. Some channels in

particular, such as Big Box or Club Model retail (e.g. Costco, Sam's Club, Walmart) have established hearing aid proof points that make up \$100M's in revenue. Costco alone is estimated to be a +\$500M annual hearing aid business.

OTC has huge potential... and is still calibrating



"Card on a shelf"



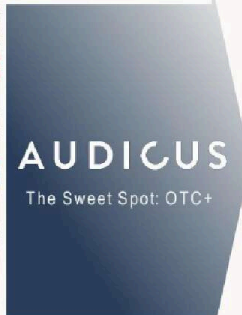
"Products on aisle X, row Y"



"Semi-customized, semi-supported"



"Supported, but inefficient"



Low Effectiveness

- Confusing user experience with dedicated staff
- Low cost, poor product quality
- Little customization and support

Unproven, low margins, high return rates

High Effectiveness

- Clear experience with dedicated OTC hearing staff
- Audiology-grade product quality
- Customized with audiology support (telecare & in-store)

Proven +\$500M revenue players (e.g. Costco)

Audicus could be an extremely efficient and effective model for new and existing retail players to streamline and accelerate their hearing aid divisions.

Our OTC strategy has two focus areas

1

Core Retail

Scalable and effective staffed "store-in-store" solution for retailers with high foot traffic + existing healthcare offering (optical, RX)

Signed

	Pipeline	Potential
Club Channel		+100M

Big Box Retail	 	+\$300M
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Online/On-air		+\$50M
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2

Specialty/Lead-Gen Retail

Lead-gen kiosks showcasing Audicus hearing test and hearing aid simulator that channels shoppers to remote B2C sales team.

Signed

	Pipeline	Potential
Grocery		+50M

Chain Pharmacies		+\$30M
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Independent Pharmacies		+\$20M
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amazon  \$450M


Total +\$450M

& DME Retail   \$150M

Total +\$150M

Our first expected partner for this strategy is Sam’s Club, currently a \$130M hearing aid business, with centers in 100s of locations. Audicus will provide fast in-store, turn-key solutions that will make it much more efficient for Big Box retailers to scale up and operate their hearing aid vertical. Our virtual audiology model is more effective at supporting patients around the clock and on-demand and therefore freeing up capacity to focus on revenue-generation in each store. Our first pilot program stores are targeted to launch in Q3.


1



“Hearing in a Box” Solutions

- Sound-proof consultation booths, with hearing test and ready-to-fit hearing aids

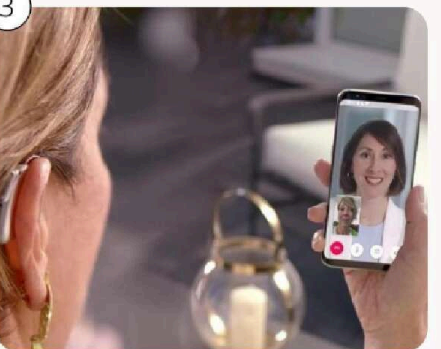
2



Staffed with “Audicus Geniuses”

- Friendly, knowledgeable OTC sales staff with an audiologist on “speed dial”
- Easy to train, ensures no clinic downtime

3



Post-sale Tele-Audiology

- Audicus' tele-audiology infrastructure provides 10-years of experience in post-sale support and calibration - on demand

Audicus is led by experts in the field

We have an incredibly talented team, comprised of MIT, Yale, and Stanford graduates, McKinsey, Bose, Bain Capital, RBC, P&G and Air Force alumni. In addition, 4 out of the 5 key leaders pictured below are former founders. Not only is our team highly capital efficient and data-



driven, but also has dedicated hearing industry experience.

Our Team

Patrick Freuler	Steve Romine	Andre Sequin	Logan Munro	Christian Sjulsen
Founder/CEO	COO	CFO	CTO	Head of Consumer
BainCapital, McKinsey & Company, MIT	BOSE, Demant, U.S. AIR FORCE, Duke UNIVERSITY	THIRD WAVE, RBC, pwc, [University Logo]	RINGLY, ROSETTA, MIT	fxi, quinn emanuel, Stanford University

Help us expand Audicus to accelerate our growth in recurring, profitable revenue verticals

Audicus is raising this capital round in order to invest in three high growth areas, which will accelerate recurring revenue and profits, as well as cash flow positive by the end of 2024:

1. Accelerate growth of our subscription model (every subscription has a 7-8 month payback cycle)
2. Expand our B2B managed care partnerships vertical, which will entail building out our leadership and executive team for

government, Medicare Advantage and employer benefit programs

3. **Launch a major retail partnership, with our current target of Sam's Club and opening the first store-in-a-store locations in Q324.**

We're raising capital to accelerate our growth



Key priority areas by division...



... and Uses of Funds



Audicus has significant potential upside on its path to exit over the next 2-3 years, in large part due to three reasons:

1. **Our revenue acceleration potential from sticky managed care partnerships and retail partnerships can be massive. The Veteran Affairs alone or a single national Medicare Advantage player could multiple the size of Audicus. And Sam's Club's national store network alone is currently a \$100M revenue business. Going from our current gross revenue of \$14M to \$50M in 3-4 years is realistic with such a strategy**

with such a strategy.

2. Our revenue will become significantly more valuable, since it's increasingly more reoccurring and tied to defensible partnerships with sticky, large partners. This comes with significant exit multiple expansion (e.g. 5-10x revenue), relative to digital consumer/eCommerce multiples.
3. As a result of the above, our profitability and cash generation will accelerate significantly, giving us more exit options (strategics & sponsors) and allowing us to pick the right exit timing.

Note that the above are forward projections, and, as typical, are not guaranteed results.



Hearing is integral to the human experience. It connects us to our

friends, family and loved ones. We believe that everyone deserves to live a life filled with human connections and that there shouldn't be any barriers to good, healthy hearing.

Hearing loss affects so many people that it is personal for many of us - like for me, who saw it with my own grandmother. Raising this community round ensures that everyone can contribute to solving this important.

We would be excited to have you on board this important mission and transform not just an industry, but also millions of lives for the better.