NUHEARA

APPENDIX 4D

HALF YEAR CONSOLIDATED FINANCIAL REPORT

1 Results for Announcement to the Market

Current reporting period: Period ended 31 December 2021
Previous corresponding period: Period ended 31 December 2020

	31 Dec 2021 $	31 Dec 2020 $	Increase/ (decrease) $	% Change Up (+)/down (-)
Revenue from ordinary activities	2,973,759	6,909,566	(3,935,807)	-57%
Loss from ordinary activities after tax attributable to members (from continuing operations)	(6,008,723)	(842,166)	(5,166,557)	+613%
Net loss for the period attributable to members	(6,008,723)	(842,166)	(5,166,557)	+613%

2 Dividend Information

The directors do not recommend the payment of an interim dividend in relation to the financial year ending 30 June 2022 (2021: nil).

3 Net tangible assets per security

	31 Dec 2021 $	31 Dec 2020 $
Net tangible asset backing per ordinary share	0.002	0.002

As at 31 December 2021 the number of shares on issue was 1,847,315,646 (31 December 2020: 1,413,928,166).

4 Details of joint venture entities

The Company does not have any interests in joint ventures.

5 Details of entities over which the company has control

Name of Entity	% Interest	Country of Registration	Date of gain of control
Nuheara IP Pty Ltd	100%	Australia	25 February 2016
Terrace Gold Pty Ltd	80%	Australia	25 February 2016
Nuheara, Inc	100%	USA	21 June 2016

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6 Commentary on the results

It is recommended that the Appendix 4D be read in conjunction with the Company's ASX releases during the period in accordance with the continuous disclosure obligations under the ASX listing rules.

Revenue from ordinary activities for the period was $2,973,759. This compared with $6,909,566 sales revenue for the same period last year which included Original Equipment Manufacture (OEM) income of $3,772,274.

A negative EBITDA of $3,684,749 (31 December 2020: $1,478,707) was recognised for the half year period. The Company calculates EBITDA as earnings before interest, finance charges, tax, depreciation, and amortisation expense. EBITDA is a non-IFRS measure and is an alternative performance measure reported in addition to but not as a substitute for the performance measures reported in accordance with IFRS. These measures focus directly on operating earnings and enhance comparability between periods. A reconciliation of EBITDA to the net loss after tax is as follows:

RECONCILED EBITDA	Half-year ended 31 Dec 2021 $	Half-year ended 31 Dec 2020 $
Net loss for the period	**(6,008,723)**	**(842,166)**
Add Back:		
Interest expense	(27,471)	(1,199)
Finance charges	(250,220)	(301,157)
Depreciation expense	(163,056)	(137,168)
Amortisation expense	(1,883,227)	(1,881,349)
EBITDA	**(3,684,749)**	**1,478,707**

The Company incurred a net loss after tax of $6,008,723. This compared with a net loss after tax of $842,166 for the same period last year. The net loss after tax result represented a loss of 0.28 cents per share, compared to a loss of 0.06 cents per share over the same period last year.

Net cash outflows of $1,023,786 were attributable to $1,563,953 received through the issue of shares (net of share issue costs), $3,000,000 was received from borrowings, offset by $2,963,682 in net operating outflows, $82,581 for the payment of plant and equipment (net of sale proceeds from assets that were sold) and $2,541,477 for intangible assets (representing capitalised development costs and international trademark registrations).

As at 31 December 2021, the Group held cash reserves of $6,252,486 (30 June 2021: $7,276,355 / 31 December 2020: $2,395,864).

7 Significant events after balance sheet date

Share Purchase Plan

A Share Purchase Plan (SPP) announced to the market on 23 December 2021, closed on 17 January 2022 with valid applications totalling $1,067,200. The SPP allowed Eligible Shareholders the opportunity to subscribe for up to $30,000 worth of New Shares in Nuheara at an issue price of $0.016 per share. 66,700,000 Ordinary Shares were allotted and issued under the SPP at $0.016 per share on 24 January 2022 and the New Shares were quoted on ASX on Tuesday 25 January 2022. Funds raised from the placement will be used to underpin growth initiatives including the 510(k) submission to the US FDA for approval as a medical device product and supporting the newly developed range of hearing aid products to support the Company's planned expansion into clinically tested and regulatory approved medical devices.

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DIRECTORS'S REPORT

The Directors of Nuheara Limited present their report, together with the condensed consolidated half-year financial report consisting of Nuheara Limited ("the Company") and its consolidated entities (jointly referred to as "the Group"), for the half-year ended 31 December 2021 and the review report thereon.

Directors

The directors in office at any time during the half year ended 31 December 2021 and up to the date of signing this report are:

- The Hon. Cheryl Edwardes *AM* - Chairman
- Justin Miller
- David Cannington
- Kathryn Giudes
- David Buckingham

Review of Operations

The Group ended the half-year to 31 December 2021 with:

- Total revenue and other income from continuing operations of $2,973,759 (31 December 2020: $6,909,566),
- A net loss from continuing operations after tax of $6,008,723 (31 December 2020: loss $842,166); and
- Operating cash outflows from continuing operations of $1,023,786 (31 December 2020: outflows of $2,034,846).

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 4 for the half-year ended 31 December 2021.

Justin Miller
Managing Director/Chief Executive Officer

Perth, 28 February 2022

Walker Wayland WA Audit Pty Ltd

ABN 94 608 776 834
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Auditor's Independence Declaration Under Section 307C of The Corporations Act 2001 to The Directors of Nuheara Limited

I declare that, to the best of my knowledge and belief, during the half-year end 31 December 2021 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Walker Wayland WA Audit Pty Ltd

WALKER WAYLAND WA AUDIT PTY LTD

Richard J Gregson

Richard Gregson CA
Director
Level 3, 1 Preston Street, COMO WA 6152

Dated this 28th day of February 2022.

NUHEARA

NUHEARA LIMITED
ABN 29 125 167 133

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2021

	NOTES	Half-year ended 31 Dec 2021 $	Half-year ended 31 Dec 2020 $
Revenue		**2,973,759**	6,909,566
Cost of sales		**(1,524,337)**	(2,067,252)
Gross profit		**1,449,422**	**4,842,314**
Other income	4	**1,807,728**	1,744,430
Salaries and employee benefits		**(2,057,573)**	(2,644,295)
Marketing and promotional		**(2,729,279)**	(1,626,786)
Product development and technology related expenses	5	**(2,111,817)**	(1,455,883)
General and administrative		**(1,930,704)**	(1,500,112)
Finance charges		**(277,691)**	(301,157)
Share based payments	12	**(158,809)**	99,323
Loss before tax from continuing operations		**(6,008,723)**	**(842,166)**
Income tax expense		**-**	-
Total comprehensive loss for the year		**(6,008,723)**	(**842,166)**
Total comprehensive loss attributable to:			
Equity holders		**(6,008,723)**	(842,166)
Total comprehensive loss		**(6,008,723)**	**(842,166)**
Earnings per share			
Basic loss per share (cents per share)	11	**(0.28)**	(0.06)
Diluted loss per share (cents per share)	11	**(0.27)**	(0.06)

The accompanying notes form part of these financial statements.

NUHEARA LIMITED
ABN 29 125 167 133

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	NOTES	31 Dec 2021 $	30 Jun 2021 $
CURRENT ASSETS			
Cash and cash equivalents		**6,252,569**	7,276,355
Trade and other receivables		**1,252,763**	1,620,729
Inventory		**3,385,256**	1,099,077
TOTAL CURRENT ASSETS		**10,890,588**	**9,996,161**
NON-CURRENT ASSETS			
Plant and equipment		**224,349**	229,996
Right of use asset	6	**598,638**	-
Other assets		**1**	1
Intangible assets	7	**5,704,897**	5,046,647
TOTAL NON-CURRENT ASSETS		**6,527,885**	**5,276,644**
TOTAL ASSETS		**17,418,473**	**15,272,805**
CURRENT LIABILITIES			
Trade and other payables		**4,178,236**	1,573,666
Lease liabilities		**242,852**	-
Provisions		**828,283**	940,997
TOTAL CURRENT LIABILITIES		**5,249,371**	**2,514,663**
NON-CURRENT LIABILITIES			
Financial liabilities	8	**3,307,769**	-
Provisions		**114,341**	90,670
TOTAL NON-CURRENT LIABILITIES		**3,422,110**	**90,670**
TOTAL LIABILITIES		**8,671,481**	**2,605,333**
NET ASSETS		**8,746,992**	**12,667,472**
EQUITY			
Issued capital	9	**61,772,644**	59,841,737
Share option reserve	10	**918,302**	759,803
Foreign currency translation reserve		**(141,901)**	(130,356)
Accumulated losses		**(53,802,053)**	(47,803,712)
TOTAL EQUITY		**8,746,992**	**12,667,472**

The accompanying notes form part of these financial statements.

NUHEARA

NUHEARA LIMITED
ABN 29 125 167 133

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Ordinary Shares $	Accumulated Losses $	Share Option Reserve $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2021	**59,841,737**	**(47,803,712)**	**759,803**	**(130,356)**	**12,667,472**
Comprehensive Income					
Loss for the period	-	(6,008,723)	-	-	(6,008,723)
Total comprehensive loss for the period	-	**(6,008,723)**	-	-	**(6,008,723)**
Transactions with owners in their capacity as owners:					
Shares issued during the period	2,050,143	-	-	-	2,050,143
Share issue costs	(119,236)	-	-	-	(119,236)
Options issued during the period	-	-	25,362	-	25,362
Options forfeited/lapsed during the period	-	-	(53,687)	-	(53,687)
Movement in valuation of options issued in prior periods	-	-	187,134	-	187,134
Option issue costs	-	-	(310)	-	(310)
Foreign currency translation movements	-	10,382	-	(11,545)	(1,163)
Balance at 31 December 2021	**61,772,644**	**(53,802,053)**	**918,302**	**(141,901)**	**8,746,992**

	Ordinary Shares $	Accumulated Losses $	Share Option Reserve $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2020	**46,295,932**	**(40,758,161)**	**656,273**	**25,518**	**6,219,562**
Comprehensive Income					
Loss for the period	-	(842,166)	-	-	(842,166)
Total comprehensive loss for the period	-	**(842,166)**	-	-	**(842,166)**
Transactions with owners in their capacity as owners:					
Shares issued during the period	2,054,917	-	-	-	2,054,917
Share issue costs	(39,598)	-	-	-	(39,598)
Options issued during the period	-	-	109,941	-	109,941
Options forfeited/lapsed during the period	-	-	(278,855)	-	(278,855)
Movement in valuation of options issued in prior periods	-	-	69,591	-	69,591
Foreign currency translation movements	-	155,132	-	(155,875)	(743)
Balance at 31 December 2020	**48,311,251**	**(41,445,195)**	**556,950**	**(130,357)**	**7,292,649**

The accompanying notes form part of these financial statements.

NUHEARA

NUHEARA LIMITED
ABN 29 125 167 133

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Half-year ended 31 Dec 2021 $	Half-year ended 31 Dec 2020 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**2,798,389**	5,343,764
Interest received	**1,332**	4,258
Grants and rebates received	**1,774,328**	1,841,004
Other income	**32,885**	1,733
Proceeds from the sale of assets held for sale	**-**	143,595
Payments to suppliers and employees	**(7,550,520)**	(7,421,326)
Interest and other costs of finance paid	**(20,095)**	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(2,963,681)**	**(86,972)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from sale of plant and equipment	**200**	-
Payments for plant and equipment	**(82,781)**	(26,486)
Payment for the acquisition of intangibles	**(2,541,477)**	(1,976,707)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(2,624,058)**	**(2,003,193)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	**3,000,000**	-
Proceeds from share and option issues	**1,683,500**	304,917
Share raising costs	**(119,547)**	(39,598)
Repayment of borrowings	**-**	(210,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**4,563,953**	**55,319**
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD	**(1,023,786)**	(2,034,846)
Cash and cash equivalent at beginning of the financial period	**7,276,355**	4,430,710
Cash and cash equivalent at the end of the financial period	**6,252,569**	**2,395,864**

The accompanying notes form part of these financial statements.

It is important to read the following definitions in order to assist with understanding this report.

For the purposes of this report:

Nuheara IP Pty Ltd refers to the company purchased by Nuheara Limited on 25 February 2016. As required by Australian Accounting Standard AASB3: Business Combinations, Nuheara Limited is deemed to have been acquired by Nuheara IP Pty Ltd as at 25 February 2016 under the reverse acquisition rules.

Nuheara Limited or **Listed Entity** or **Company** means only the legal entity of Nuheara Limited, which is listed on the Australian Securities Exchange (ASX: NUH). Nuheara Limited is the legal parent of Nuheara IP Pty Ltd although it has been treated as the acquirer for accounting purposes in the financial statements.

Wild Acre Metals Limited (ASX: WAC) means Nuheara Limited and all its controlled entities prior to the purchase of Nuheara IP Pty Ltd. On 25 February 2016, the company's name was changed from Wild Acre Metals Limited to Nuheara Limited and the ASX code was subsequently changed from WAC to NUH.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting interpretations, International Financial Reporting Standards as issued by the International Accounting Standards Board and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 June 2021 and any public announcements made by Nuheara Limited, during the reporting period, in accordance with the continuous disclosure requirements of the ASX listing rules.

This preliminary final report including any commentary on the Company results was authorised for issue in accordance with a resolution by the board of directors.

Material uncertainty on going concern
For the half-year ended 31 December 2021 the Group has incurred a loss of $6,008,723 and generated net operating cash outflows of $2,963,681, as disclosed in the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Cash Flows, respectively. For the same period last year, the Group incurred a loss of $842,166 and generated net operating cash outflows of $86,972.

The Group's trading and cash flow forecasts for the 12-month period from the date of reporting indicate that there is some risk that it may not meet all of its payment obligations unless the Group is able to complete a successful equity and/or debt raising. These matters present significant material uncertainties in relation to the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors remain committed to the long-term business plan that is contributing to improved results as the business progresses from start-up phase into a more established business operation. The Directors believe there are reasonable grounds to believe that the Group will be able to continue as a going concern after consideration of the following factors:

- Release of new products over the course of the next 12-months in response to 510(k) submission and FDA medical device certification;
- Growth in omni-channel sales (DTC, traditional retail and OEM partnerships);

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of preparation (continued)

- Growth in sales through other distribution channels, including optical, pharma, and audiology;
- Active management of the current level of discretionary expenditure in line with the funds available to the Group; and
- Raising additional working capital through the issue of securities and/or other funding.

After taking into account all available information, and track history of successful equity raisings, the Directors have concluded that there are currently reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, to continue as a going concern, be in a position to realise its assets and settle its liabilities and commitments in the normal course of business, and at the amounts stated in the financial report. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

In the event that the Group does not achieve the conditions stated by the Directors, the ability of the Group to continue as a going concern may be impacted and therefore the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations, and at the amounts stated in the financial report. In the event the Group is not able to achieve the above requirements, there is uncertainty whether the Group will continue as a going concern, realise its assets, and extinguish its liabilities in the normal course of business and at the amounts stated in its financial report. No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the Group not continue as going concern.

a) Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except for those as described below.

b) Funding agreement

The component of the funding agreement that exhibits characteristics of a liability is recognised as a liability in the Statement of Financial Position, net of transaction costs.

On settlement of the funding agreement, the fair value of the liability component is determined using the market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds is allocated to the subscription option that may either be recognised as equity and included in shareholders' equity, net of transaction costs, or recognised as an embedded derivative and accounted for separately from the host (funding agreement) as a liability. If classified as equity, the carrying value of the subscription option is not remeasured in subsequent years. If classified as an embedded derivative, the carrying value is valued each reporting period at fair value through the Statement of Profit or Loss and other Comprehensive Income.

Interest on the liability component of the instruments is recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

Transaction costs are apportioned between the liability and equity components of the subscription shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and there were no changes that will impact the Group.

2 SEGMENT INFORMATION

Operating segments

Nuheara Limited, Nuheara IP Pty Ltd and Nuheara Inc are operating within the hearing health sector and have been aggregated to one reportable segment given the similarity of the products manufactured for sale, method in which products are delivered, types of customers and regulatory environment.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Estimated impairment of assets

The Group assesses impairment of its assets at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Where impairment has been triggered, assets are written down to their recoverable amounts. An impairment trigger includes operating losses and net cash outflows.

The ability of capitalised development costs to generate sufficient future economic benefits to recover the carrying amount is usually subject to greater uncertainty before the asset is available for use than after it is available for use. Judgement has been made in the estimation of future profitability and net cash flows in the assessment of fair value for capitalised development costs, and in the resulting determination that no impairment existed at balance date. Management acknowledges that a modest reduction in realised revenue growth against these forecasts may result in an impairment at a later date.

ii. Estimated warranty costs

Provision is made in respect of the Group's best estimate of the liability on all products under warranty at the end of the reporting period. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to an industry average of warranty claims.

iii. Valuation of options

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 12.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 12.

iv. Capitalisation of development costs

Under AASB 138: Intangible Assets, an entity is required to recognise an intangible asset if, and only if, certain criteria are met. Judgement has been made in the determination that research expenditure incurred during the year did not meet the definition of an intangible asset. The group has assessed the effective life of development assets to be 2.5 years.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

v. Net Smelter Royalties

The Group holds an 80% interest in Terrace Gold Pty Ltd ("Terrace"). Terrace holds a 0.5% net smelter royalty over the El Molino Gold Project and part of the El Galeno Copper Project located in Northern Peru, currently owned under joint venture by China Minmetals and Jiangxi Copper.

Management has ascertained that the probability of net smelter royalty revenue was nil at balance date.

vi. Funding agreement

The Group's funding agreement has been treated as a financial liability, in accordance with the principles set out in AASB 132. The key criterion for liability classification is whether there is an unconditional right to avoid delivery of cash for another financial asset to settle the contractual obligation. The terms and conditions applicable to the funding agreement requires the Group to settle the obligation in either cash, or in the Company's own shares.

The subscription amount is convertible into ordinary shares of the parent entity, at the option of the holder, or repayable in 18 months from draw-down date. The conversion rate is based on a variable formula subject to adjustments for share price movement. Management determined that these terms give rise to a derivative financial liability. The initial consideration received for the funding agreement was deemed to be fair value of the liability at the issue date. The liability will subsequently be recognised on a fair value basis at each reporting period.

4 OTHER INCOME	**Half year ended 31 Dec 2021 $**	**Half year ended 31 Dec 2020 $**
Interest income	515	3,141
Grants and rebates received	1,774,328	1,749,504
Profit on sale of mining interests	-	(9,948)
Sundry income	32,885	1,733
Total other income	**1,807,728**	**1,744,430**

5 PRODUCT DEVELOPMENT AND TECHNOLOGY RELATED EXPENSES

	Half year ended 31 Dec 2021 $	Half year ended 31 Dec 2020 $
Product development, including research and development costs[(i)]	1,943,827	1,114,672
Inventory and components written off[(ii)]	167,990	331,211
	2,111,817	**1,455,883**

(i) Excludes expenditure directly attributable to development activities that are capitalised as an intangible asset under Australian Accounting Standards.

(ii) Inventories are stated at the lower of cost or net realisable value. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions. Write-downs and write-offs are charged as an expense to the Statement of Profit and Loss. In the half-year to 31 December 2021, the company experienced total write-downs and write-offs of $167,990 (31 December 2020: $331,211).

6 RIGHT OF USE ASSETS

The Group's lease portfolio includes a building. The building lease expired on 31 August 2021 and was renewed for a further 3 year period, expiring on 31 August 2024 (remaining term: 2.75 years).

Options to extend or terminate

There are no extension options for the building lease.

(i) AASB 16 related amounts recognised in the Statement of Financial Position	31 Dec 2021 $	30 Jun 2021 $
Right-of-use assets		
Leased building	673,467	190,927
Less: accumulated depreciation	(74,829)	(190,927)
Net carrying amount	**598,638**	**-**

(ii) AASB 16 related amounts recognised in the Statement of Profit or Loss	31 Dec 2021 $	31 Dec 2020 $
Depreciation charge related to right-of-use assets	**74,829**	27,275
Interest expense on lease liabilities (under finance cost)	**2,948**	1,195

(iii) AASB 16 related amounts recognised in the Statement of Cash Flows	31 Dec 2021 $	31 Dec 2020 $
Total half-yearly operating cash outflows for leases	**59,415**	27,275

7 INTANGIBLE ASSETS

	31 Dec 2021 $	30 Jun 2021 $
Development costs – at cost	19,385,571	16,790,810
Less: accumulated amortisation and impairment losses	(14,451,164)	(12,620,466)
Net carrying amount	**4,934,407**	**4,170,344**
Patents and Trademarks – at cost	1,064,824	1,118,108
Less: accumulated amortisation and impairment losses	(294,334)	(241,805)
Net carrying amount	**770,490**	**876,303**
Total intangible assets	**5,704,897**	**5,046,647**

8 FINANCIAL LIABILITIES	Half year ended 31 Dec 2021 $	Half year ended 31 Dec 2020 $
Funding agreement	3,307,769	-

The Group entered into an 18 month $3 million share purchase agreement (**Agreement**) announced on 23 December 2021 by HealthCare 2030, LLC (the **Investor**), a United States-based investment vehicle that invests solely in healthcare-related companies and is managed by Bergen Asset Management LLC (the **Manager**). The Manager is a decade-old institutional manager and manages funds which have an extensive history of successful investments in listed companies globally, including on the ASX and in the healthcare sector. The Manager is not a party to the Agreement, and as such, does not have any rights or obligations under the Agreement.

Under the Agreement the Investor agreed to invest $3,000,000 for $3,180,000 worth of Shares (**Subscription Shares**), by way of the Investor making a prepayment for Subscription Shares. The Company has received the $3,000,000 subscription funds on 29 December 2021 (the **Settlement**) and pursuant to the Agreement, issued 9,375,000 Shares with a deemed issue price of $0.016 in satisfaction of a $150,000 fee payable to the Investor and 9,800,000 Shares with a deemed issue price of $0.017 per Share which may be credited towards the ultimate number of Subscription Shares to be issued. The Company subsequently issued 46,153,846 Subscription Shares with a deemed issue price of $0.013 per Subscription Share on 9 February 2022, towards the ultimate number of Subscription Shares to be issued under the Agreement, satisfying $600,000 of the $3,180,000 worth of Subscription Shares which the Investor is entitled to be issued.

Under the Agreement, the Company will issue the Subscription Shares, at the Investor's request, within 18 months of the date of the funding. The number of Subscription Shares to be issued will be determined by applying the Purchase Price (as detailed further below) to the subscription amount, but subject to a Floor Price (as detailed further below).

The price at which the Investor could require the Subscription Shares (**Purchase Price**) to be issued was equal to $0.06 initially, representing a premium of approximately 216% to the closing price of the Company's shares on 22 December 2021. Subject to the Floor Price described below, following 22 January 2022, the Purchase Price reset to the average of the five daily volume-weighted average prices selected by the Investor during the 20 consecutive trading days immediately prior to the date of the Investor's notice to issue shares, less a 5% discount (or a 7.5% discount if the Subscription Shares are issued after the first anniversary of the initial placement) (rounded down to the nearest one tenth of a cent if the share price is at 10 cents or below, half a cent if the share price is at above 10 cents and at 20 cents or below, or whole cent if the share price is above 20 cents). The Purchase Price is, nevertheless, the subject of the floor price of $0.01 (**Floor Price**). If the Purchase Price formula results in a price that is less than the Floor Price, and provided that the average of the daily VWAPs for the two consecutive actual trading days immediately prior to the notice is less than the Floor Price, and no event of default has occurred, the Company may forego issuing shares and instead opt to repay the applicable subscription amount in cash (with a 5% premium), subject to the Investor's right to receive Subscription Shares at the Floor Price in lieu of such cash repayment. The Purchase Price is not the subject of a cap.

The Company also has the right (but no obligation) to forego issuing shares in relation to the Investor's request for issuance and instead opt to repay the subscription amount by making a payment to the Investor equal to the greater of the Purchase Price or the average of the daily VWAPs for the two consecutive actual trading days prior to receipt of the request.

9 ISSUED CAPITAL

	31 Dec 2021 $	30 Jun 2021 $	31 Dec 2020 $
(i) Issued and Paid Up Capital			
1,847,315,646 Ordinary shares, fully paid (30 June 2021: 1,723,004,193 / 31 December 2020: 1,413,928,166)	**61,772,644**	59,841,737	48,311,251

(ii) Movements during the period	31 Dec 2021 No.	31 Dec 2021 $
Opening Balance at 1 July 2021	**1,723,004,193**	**59,841,737**
6 July 2021 – shares issued on exercise of options @ $0.025	1,709,120	37,500
9 July 2021 – shares issued under Salary Sacrifice Share Plan @ $0.0443	1,089,890	50,043
31 August 2021 – shares issued on exercise of options @ $0.025	1,000,000	25,000
4 October 2021 - shares issued on exercise of options @ $0.025	24,943	-
29 December 2021 – shares issued in satisfaction of the Company's obligation to pay a fee to Healthcare 2030 LLC under the Share Placement Agreement @ $0.016	9,375,000	150,000
29 December 2021 – shares issued by way of share placement to Healthcare 2030 LLC under Share Placement Agreement @ $0.016	9,800,000	166,600
31 December 2021 – shares issued by way of share placement @ $0.016	101,312,500	1,621,000
Less: Share issue costs	-	(119,236)
Balance shares at 31 December 2021	**1,847,315,646**	**61,772,644**

	31 Dec 2020 No.	31 Dec 2020 $
Opening Balance at 1 July 2020	**1,359,811,584**	**46,295,932**
10 July 2020 - 10,000,000 collateral shares purchased under Convertible Note security agreement at $0.011 (shares issued in January 2020)	-	110,000
14 July 2020 - 10,000,000 collateral shares purchased under Convertible Note security agreement at $0.011 (shares issued in January 2020)	-	110,000
5 August 2020 – shares issued by way of conversion under Convertible Note security agreement @ $0.023	8,695,653	200,000
21 August 2020 – shares issued on exercise of options @ $0.025	2,666,667	66,667
24 August 2020 – shares issued by way of conversion under Convertible Note security agreement @ $0.035	20,000,000	700,000
31 August 2020 – shares issued on exercise of options @ $0.025	353,333	8,833
1 October 2020 – shares issued on exercise of options @ $0.025	537,880	4,167
21 October 2020 - shares issued by way of conversion under Convertible Note security agreement @ $0.043	8,139,535	350,000
2 November 2020 – shares issue on exercise of options @ $0.025	50,000	1,250
20 November 2020 - shares issued by way of conversion under Convertible Note security agreement @ $0.037	6,756,757	250,000
1 December 2020 – shares issued on exercise of options @ $0.025	160,000	4,000
2 December 2020 – shares issued by way of conversion under Convertible Note security agreement @ $0.037	6,756,757	250,000
Less: Share issue costs	-	(39,598)
Balance shares at 31 December 2020	**1,413,928,166**	**48,311,251**

9 ISSUED CAPITAL (continued)

(iii) Holders of Ordinary Shares

Holders of ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held and the amount paid up. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

10 SHARE OPTION RESERVE

	31 Dec 2021 $	30 Jun 2021 $	31 Dec 2020 $
(i) Unlisted options			
75,171,372 (30 June 2021: 69,318,038/ 31 December 2020: 68,068,038) unlisted options	**918,302**	759,803	556,950

(ii) Movements during the period

	31 Dec 2021 No.	31 Dec 2021 $
Opening Balance at 1 July 2021	**69,318,038**	**759,803**
31 August 2021 – issue of employee options @ $0.025	12,000,000	25,362
Less: Options lapsed/forfeited/exercised	(6,146,666)	(53,687)
Movement in valuation of options issued in prior reporting periods	-	187,134
Less: Option issue costs	-	(310)
Balance unlisted options at 31 December 2021	**75,171,372**	**918,302**

	31 Dec 2020 No.	31 Dec 2020 $
Opening Balance at 1 July 2020	**46,514,706**	**656,273**
10 July 2020 – issue of director options @ $0.025	6,000,000	7,706
21 August 2020 – issue of director options @ $0.025	2,000,000	3,457
21 August 2020 – issue of director options @$0.050	2,000,000	5,902
21 August 2020 – issue of director options @ $0.010	2,000,000	4,552
21 August 2020 – issue of employee options @ $0.025	29,200,000	88,324
Less: Options lapsed/forfeited/exercised	(19,646,668)	(278,855)
Movement in valuation of options issued in prior reporting periods	-	69,591
Balance unlisted options at 31 December 2020	**68,068,038**	**556,950**

11 EARNINGS PER SHARE

	Half year ended 31 Dec 2021 Cents	Half year ended 31 Dec 2020 Cents
Basic loss per share (cents per share)	**(0.28)**	(0.06)
Diluted loss per share (cents per share)	**(0.27)**	(0.06)

	Half year ended 31 Dec 2021 $	Half year ended 31 Dec 2020 $
Basic loss per share: The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:		
Loss	**(6,008,723)**	(842,166)

	Half year ended 31 Dec 2021 No.	Half year ended 31 Dec 2020 No.
Weighted average number of ordinary shares – basic loss per share	**1,847,315,646**	1,389,288,524
Weighted average number of ordinary shares – diluted loss per share	**2,200,417,958**	1,452,668,338

12 SHARE BASED PAYMENTS

	Half year ended 31 Dec 2021 $	Half year ended 31 Dec 2020 $
Expense arising from options issued to employees	**25,362**	109,941
Options forfeited or lapsed	**(53,687)**	(278,855)
Movement in valuation of options issued in prior periods	**187,134**	69,591
	158,809	**(99,323)**

The following share-based payment arrangements existed:

b) The following shares or options were granted to key management personnel during the half-year ended 31 December 2021 (31 December 2020: 9,000,000):

Name	Grant Date	No of Options	No. of Shares
Jean-Marie Rudd – on exercise of employee options @ $0.025	6 July 2021	-	1,000,000
Jean-Marie Rudd – on exercise of employee options @ $0.025	31 August 2021	-	1,000,000
Total shares/options granted			**2,000,000**

c) There were 734,063 shares granted to non-key management personnel during the half-year ended 31 December 2021 (31 December 2020: nil) on exercise of employee options. There were 12,000,000 options granted to non-key management personnel during the half-year ended 31 December 2021 (31 December 2020: 32,200,000).

12 SHARE BASED PAYMENTS (continued)

A summary of the movements of all Group option issues is as follows:

	No.	Weighted Average Exercise Price
Options outstanding and exercisable as at 31 December 2020	**68,068,038**	**$0.04**
Granted	5,000,000	$0.04
Exercised/Forfeited	(8,750,000)	-
Options outstanding and exercisable as at 30 June 2021	**69,318,038**	**$0.04**
Granted	12,000,000	$0.03
Exercised/Forfeited	(6,146,666)	-
Options outstanding and exercisable as at 31 December 2021	**75,171,372**	**$0.04**

The weighted average remaining contractual life of options outstanding at year end was 1.92 years (30 June 2021: 2.25 years/31 December 2020: 2.71 years). The weighted average exercise price of outstanding options at the end of the reporting period was $0.04 (30 June 2021: $0.04 / 31 December 2020: $0.04).

The fair value of options granted during the half-year was $151,200 (30 June 2021: $1,123,640 / 31 December 2020: $1,032,640). These values were calculated using the Black-Scholes option pricing model, applying the following inputs:

	Employee Options
Grant Date	31/08/2021
Share price on issue date	$0.031
Expected volatility	100%
Exercise price	$0.0341
Expiry date	31/08/2024
Risk free interest rate	0.10%
Number issued	12,000,000
Value per option	$0.018
Total	**$151,200**

Historical share price volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future volatility.

There were no equity-settled share-based payment transactions during the period (30 June 2021: $nil / 31 December 2020: $nil).

13 CONTINGENT LIABILITIES/COMMITMENTS

The Group has $7,261,136 (30 June 2021: $10,809,440 / 31 December 2020: $nil) relating to advanced purchase orders for future production runs and to secure componentry and product inventory for expected future growth in sales.

14 SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

Share Purchase Plan

A Share Purchase Plan (SPP) announced to the market on 23 December 2021, closed on 17 January 2022 with valid applications totalling $1,067,200. The SPP allowed Eligible Shareholders the opportunity to subscribe for up to $30,000 worth of New Shares in Nuheara at an issue price of $0.016 per share. 66,700,000 Ordinary Shares were allotted and issued under the SPP at $0.016 per share on 24 January 2022 and the New Shares were quoted on ASX on Tuesday 25 January 2022. Funds raised from the placement will be used to underpin growth initiatives including the 510(k) submission to the US FDA for approval as a medical device product and supporting the newly developed range of hearing aid products to support the Company's planned expansion into clinically tested and regulatory approved medical devices.

DIRECTORS' DECLARATION

The Directors of Nuheara Limited declare that:

1 the financial statements and notes are in accordance with the Corporations Act 2001 and:

a) comply with Australian Accounting Standards which, as stated in the accounting policy Note 1 to the financial statements, constitutes compliance with International Accounting Reporting Standards (IFRS); and

b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the half year ended on that date of the Company;

2 in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors:

Justin Miller
Managing Director/Chief Executive Officer

Perth, 28 February 2022

Walker Wayland WA Audit Pty Ltd

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Independent Auditor's Review Report
To the Members of Nuheara Limited

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of Nuheara Limited ("the Company") and its controlled entities ("the Group") , which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Nuheara Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Nuheara Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nuheara Limited is not in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date;

(ii) and complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Emphasis of Matter – Going Concern

Without modifying our opinion, we draw attention to the following matter. As a result of the matters disclosed in Note 1a) "Going Concern" of the financial report, there are material uncertainties that cast significant doubt whether the Group can continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The ability of the Group to continue as a going concern is dependent upon its ability to generate sufficient growth in direct-to-consumer sales, growth in sales through other distribution channels, release of new products over the course of 12 months, management of the current level of discretionary expenditure in line with the funds available to the Group, and equity raisings.

Walker Wayland WA Audit Pty Ltd

WALKER WAYLAND WA AUDIT PTY LTD

Richard J Gregson

Richard Gregson CA
Director
Level 3, 1 Preston Street, COMO WA 6152

Dated this 28th day of February 2022.