

Quarterly Activities Report

Release Date: 27 July 2022

NUHEARA MARKS TRANSITION TO MEDICAL DEVICE COMPANY WITH FDA 510(K) SUBMISSION

Quarterly activities report for the 3 months ended 30 June 2022 (Q4 FY22)

Key highlights Q4 FY22

- Nuheara submits FDA 510(K) for regulatory approval of a self-fit hearing aid in USA, continuing its transition from a consumer electronics manufacturer to a medical device company.
- Nuheara is positioned to expand into the regulatory approved medical device market upon clearance of its US FDA 510(k) submission for a self-fit hearing aid.
- Sales focus remains on building USA mainstream retail, with particular attention to Best Buy as the sales channel for expected OTC hearing aid device sales in late 2022.
- Signed global agreement with HP Inc. to develop, manufacture and market Hearing Aid products under the HP Brand, provides significant brand firepower to Nuheara's new Hearing Aids.
- The combination of challenging US and global retail conditions, and traditional retailers awaiting the OTC hearing aid rule enactment in the US, has led to quarterly cash receipts of Nuheara's consumer electronic devices being down 17% on Q3 FY22.
- Strong focus on operating costs underpinned a 56% QoQ reduction in Q4 FY22 costs as the Company realigned its resources to become a medical device product company.
- Strong consumer electronic inventory levels provide a revenue buffer, as the Company prepares for FDA hearing aid regulatory approval and manufacturing.
- Subsequent to the end of Q4 FY22:
 - Concluded its agreement with Healthcare 2030 by issuing all subscription shares
 - Successfully completed a \$2 million capital raise cornerstoned by Taiwan semi-conductor company Realtek
 - Leveraging Nuheara's product and development capabilities, signed a MOU with Realtek to develop chipset (Integrated Circuits or ICs) and technology solutions to globally penetrate multiple hearing related markets.

PERTH, AUSTRALIA: Nuheara Limited (ASX:NUH) (Nuheara) is pleased to present this quarterly activities report alongside its Appendix 4C for the quarter ended 30 June 2022 (Q4 FY22).

510(k) SUBMISSION FOR US FDA CLEARANCE

In August 2021 Nuheara announced the commencement of a medical device clinical trial for a self-fit hearing aid. Now, almost 12 months on, the Company has not only completed this clinical trial, but more importantly through the course of Q4 FY22 made its subsequent FDA 510(k) submission and commenced its manufacturing and retail sales transition from consumer electronics to medical devices.

The FDA submission for clearance was the final step of Nuheara's expansion plans into the regulatory approved medical device market. This also aligns with the much-awaited US Over-The-Counter (OTC) Hearing Aid final rule publication in the Federal Register by the FDA which, 5 years from when it was originally announced, is now expected to be published over the coming weeks. If published, this is expected to support the commencement of OTC hearing aid sales to commence in the US from October 2022. Nuheara is ready for this change and strongly positioned to benefit from the expected opening of this highly attractive market opportunity.

US RETAIL SALES CHANNEL

Nuheara has planned for its hearing aid transition by furthering the expansion and development of the Company's traditional or mainstream retail partners in the US, such as Best Buy, where Nuheara non-medical hearing products are now sold in over 300 US stores.

This channel will continue to take time to develop, particularly with the introduction of the new OTC hearing aid category. However, this channel is critical to providing the company with a more cost effective, scalable and market responsive channel, particularly when compared to the successful, but historically complicated and expensive, Direct To Consumer (DTC) channel.

Hearing Aids in the US are currently sold at an average cost of US\$4,726. Nuheara plans to sell its self-fit hearing aids below US\$1,000 per pair. This is a very significant reduction in price when considering the current economic headwinds most countries around the world, including the US, are experiencing. With US consumer confidence down, lower cost and accessible hearing aids such as Nuheara's provide a unique opportunity to service this market more effectively through its developing retail base.

Nuheara will continue to service all retail markets globally with non-medical hearing products until such time as regulation and certification allows the manufacturing and sale of hearing aids. The Company has maintained strong inventory levels of non-medical hearing products to support these sales across the current quarter and into next financial year.

WORLDWIDE TRADEMARK LICENCE AGREEMENT WITH HP

To further support Nuheara's retail sales expansion, the Company signed a Trademark License Agreement with HP Inc. for use of certain trademarks on Nuheara's hearing aids, personal sound amplification devices and accessories.

The announcement marked a significant achievement for Nuheara's growth as a medical device company. Leveraging the global brand of HP as a leading technology company to sell the Company's regulated hearing devices, is a significant step in both Nuheara's future and the de-stigmatisation of hearing aids.

This Agreement allows the proven legacy of the HP brand to instil consumer confidence and brand recognition with Nuheara's proven safe and effective hearing technology. Having the HP brand name on Nuheara's hearing products will open significant mainstream retail opportunities for the Company's OTC hearing aids aligned with the omnichannel commercialisation strategy in the US.

Commenting on the US regulatory, licensing and retail developments, US-based Nuheara CEO John Luna said:

“The continued transition of Nuheara that began 12 months ago continues with our restructuring from solely a consumer electronics manufacturer to a medical device manufacturer with an initial focus on the United States regulated hearing aid market. Our pending FDA clearance on our April FY22 510(k) submission is expected to allow sales to commence later this year.

“Consumer electronics with advanced features and hearing aids are Nuheara’s future and we continue to innovate to bring new products to market with the vision of reaching global consumers with mild to moderate hearing loss. Our strong relationship with Best Buy and other traditional retail partners will allow continued expansion and business development in the American OTC hearing aid market when it shortly launches.

“Combining all factors and our focus on medical devices, we are well positioned to drive sales with increased margin as the US market for hearing aids opens and expands. Our focus on affordable hearing solutions that are accessible to the global market with self-fitting hearing devices will come to realisation later this year.”

STRATEGIC PARTNERSHIP WITH, AND NEW CORNERSTONE INVESTMENT FROM, REALTEK

On 1 July 2022, Nuheara was pleased to announce a strategic partnership (**Partnership**) and cornerstone investment from Taiwan based Realtek Semiconductor Corporation (**Realtek**). This Partnership builds on Nuheara’s reputation for product innovation and technology development and provides Nuheara with access to Realtek’s global sales channels that have been developed over the past 25 years.

By way of a signed Memorandum of Understanding, Nuheara and Realtek will partner together to develop chipset (**Integrated Circuits or ICs**) and technology solutions to globally penetrate multiple hearing related markets. These include the global True Wireless Stereo (**TWS**) with Personal Sound Amplification Product (**PSAP**) chipset market and the regulated OTC Hearing Aid market.

Underpinning the Partnership was a \$2.05 million placement, with Realtek subscribing for \$1.7 million and becoming a Substantial Shareholder of Nuheara, and \$0.35 million allocated to sophisticated investors that were existing Nuheara shareholders.

The Partnership will initially help Nuheara to deliver its next generation of hearing aid products by integrating Realtek’s advanced chipset. With this experience, the Partnership will expand to co-developing TWS PSAP chipset and technology solutions for the broader consumer electronics market. Components of Nuheara’s Intellectual Property (IP) including smart hearing processing and self-fit technology are planned to be embedded on Realtek ICs, for which Nuheara will receive a to be agreed royalty fee for each IC sold. Nuheara will also offer Realtek customers full earbud design and manufactured solutions for an agreed services fee per implementation.

Commenting on the strategic partnership, Managing Director Justin Miller said:

“From a technology perspective, Realtek and Nuheara have been intensely engaged with each other since early 2022. As a result, Realtek’s expertise in designing ICs with high integration, low latency, and ultra-low power consumption will see Nuheara’s next generation of hearing devices move from four major chipsets per earbud to just one. Our self-fit and hearing processing smarts combined with Realtek’s IC capabilities are a winning combination. As Nuheara positions itself for the US regulated market opportunity that is opening up, this Partnership will support Nuheara’s growth in the broader consumer electronics market by embedding elements of our hearing technology in Realtek’s ICs.”

CASH FLOWS FROM OPERATING ACTIVITIES

The combination of challenging US and global retail conditions (as outlined earlier), and traditional retailers awaiting the OTC hearing aid rule enactment in the US, has led to quarterly cash receipts of Nuheara's consumer electronic devices being down 17% on Q3 FY22 at \$600k.

Management's strong focus on operating costs counterbalanced the short-term hearing aid market transition and low consumer sentiment being felt across all US retail. Q4 FY22 costs were reduced by 56% QoQ as the Company realigns its resources to become a medical device product company.

EXPENDITURE

Research and development

Research expenditure that is directly attributable to development activities is capitalised as an intangible asset under Australian Accounting Standards. As a result, expenditure of \$749k was capitalised in Q4 FY22, and is shown as "Payments to Acquire Intellectual Property" under cash flows from investing activities at item 2.1(e). Expenditure is mainly attributable to work on Nuheara's new generation of products, including work performed towards accreditation as a medical device Company.

Product manufacturing and operating costs

The Company did not undertake any production activities during the quarter, resulting in a quarter-on-quarter reduction in product manufacturing and operating spend. Cash outlays of \$871k were incurred during Q4 FY22 to secure long lead time componentry in advance of the Company's preparations to commence Hearing Aid manufacture, a 39% reduction over the previous quarter (Q3 FY22: \$1.4 million).

Advertising and Marketing

With a primary focus on building Traditional Retail sales, and not DTC sales, advertising and marketing spend of \$0.5 million in Q4 FY22 was down 69% over the same quarter last year (Q4 FY21: \$1.5 million).

Staff costs

Consistent with R&D expenditure noted above, employment expenses related to employees working on R&D activities are also capitalised as an intangible asset under Australian Accounting Standards. Staff costs of \$805k in Q4 FY22 represented a 4% increase over the same quarter last year (Q4 FY21: \$776k) with movement mainly attributable to the timing of payments, amounts capitalised and new headcount. Compared to the previous quarter (Q3 FY22: \$834k) there was a 3% reduction in spend.

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

Payments to related parties in Q4 FY22 were \$148k, which related to fees paid to non-executive directors and the executive directors' cost of payroll for the period.

Administration and corporate costs

Administration and corporate costs of \$238k in Q4 FY22 were 56% lower over the same quarter last year (Q4 FY21: \$537k). The movement relates mainly to the timing of payments.

MINERAL ASSETS

On 25 May 2022, Nuheara announced that it had entered into an agreement for the sale of its remaining non-core mining royalty asset to SilverStream SEZC (SilverStream), a wholly owned subsidiary of Vox Royalty Corp. (TSX-V: VOX) (Vox).

The mining asset consists of a Net Smelter Royalty (NSR) located in Peru, held by Nuheara's 80% owned subsidiary Terrace Gold Pty Ltd (Terrace Gold).

Vox has entered into a sale and purchase agreement with Terrace Gold to acquire all of Terrace Gold's rights and interests in an agreement with Lumina Copper S.A.C, which includes the right to receive the El Molino 0.5% NSR royalty in Peru.

The upfront consideration issued to Terrace Gold will be USD\$50,000 in common shares of Vox, subject to the approval of the TSX Venture Exchange. A further payment of USD\$450,000 is payable, in cash or shares of Vox (at Vox's sole election), following the registration of the El Molino royalty rights on the applicable mining title in Peru and the satisfaction of other customary completion conditions.

Nuheara will be releasing its FY22 results in late August 2022. A presentation on the results and the Company's growth strategy, building on its product innovation and technology development strengths, will be held with the FY22 result. Further details on the results date and webinar registration will be provided in due course.

-ENDS-

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ABOUT NUHEARA

Nuheara is a medical device company and global leader in smart hearing technology which change people's lives by enhancing the power to hear. As a global pioneer in Hearable products, Nuheara developed proprietary, multi-functional, personalised intelligent hearing devices that augments a person's hearing. Nuheara is headquartered in Perth, Australia with a US office outside of Seattle, USA.

In 2016, the Company released its revolutionary wireless earbuds, IQbuds, which allow consumers to augment their hearing according to their personal hearing preferences. In 2020 Nuheara released its third-generation hearable the IQbuds² MAX, recognised by Time Magazine as one of the Best Inventions of the year. In 2021, Nuheara transformed its operations to include medical device manufacturing for its hearing aid products to meet global demand for mild to moderate hearing loss. Nuheara products are now sold Direct to Consumer (DTC) and in major consumer electronics retailers, professional hearing clinics, pharmacies, and speciality retailers around the world. In April 2022, Nuheara submitted an FDA 510(k) for its self-fit hearing aid and signed a worldwide trademark licensing agreement with HP Inc to sell its hearing aid products under the HP brand name.

The Company's mission is to transform the way people hear by creating smart hearing solutions that are both accessible and affordable. For further information, please visit <https://www.nuheara.com/>.

Appendix 4C

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

Name of entity

NUHEARA LIMITED

ABN

29 125 167 133

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	600	4,122
1.2 Payments for		
(a) research and development ⁽¹⁾	(242)	(1,419)
(b) product manufacturing and operating costs ⁽²⁾	(871)	(3,871)
(c) advertising and marketing ⁽³⁾	(468)	(3,106)
(d) leased assets	-	-
(e) staff costs	(805)	(3,197)
(f) administration and corporate costs	(238)	(2,951)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	3	(22)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	45	1,819
1.8 Other (provide details if material) ⁽⁴⁾	5	(764)
1.9 Net cash from / (used in) operating activities	(1,971)	(9,387)

1) These numbers exclude expenditure directly attributable to development activities that are capitalised as an intangible asset under Australian Accounting Standards. These capitalised development costs are shown as "Payments to Acquire Intellectual Property" under cash flows from investing activities at 2.1(e).

2) Comprising payments for components for future Hearing Aid products.

3) Advertising and marketing is lower than previous quarters as the Company sets up its team in the new US operational centre to capitalise on the growth opportunities that lie ahead in that region, including medical devices and expanding retail presence.

4) International legal fees for protection of the Company's IP (trademarks and patents).

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(9)	(95)
(d) investments	-	-
(e) intellectual property ⁽¹⁾	(760)	(4,365)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(769)	(4,460)

1) Comprising capitalised development costs of \$749k (YTD \$4.4m) and capitalised patent and trademark applications of \$11k (YTD -\$22k).

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	236	2,924
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	63
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(33)	(244)
3.5 Proceeds from borrowings ⁽¹⁾	1,236	5,749
3.6 Repayment of borrowings ⁽¹⁾	(74)	(1,509)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,365	6,983

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
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1) Insurance premium funding

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,787	7,276
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,971)	(9,387)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(769)	(4,460)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,365	6,983
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	412	412

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	254	1,620
5.2	Call deposits	158	167
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	412	1,787

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

6.1	Aggregate amount of payments to related parties and their associates included in item 1	148
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

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

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

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

7. Financing facilities

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

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

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	3,346	3,346
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	3,346	3,346

7.5 Unused financing facilities available at quarter end

-

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

Secured Redeemable Convertible Security

Lender: Healthcare 2030, LLC

Amount: \$3.0 million for \$3.18 million worth of shares (Subscription Shares)

Conversions: \$600k @ \$0.26 on 07/02/2022 and \$500k @\$0.22 on 26/04/2022 [post-consolidation prices]

Interest: Nil

Maturity Date: 30/06/2023

Security: Security provided by way of the issue of 9.8 million Subscription Shares that will be credited or returned to the Company upon expiration or termination of the Funding Agreement.

As at the lodgement date of this report, Healthcare 2030, LLC has subscribed for all shares under the Funding Agreement and the Funding Agreement is now terminated.

R&D Tax Loan

Nuheara entered into an R&D loan funding agreement on 6 April 2022 under which Nuheara is entitled to receive funding of up to 80% of its presently earned (as at 28/02/2022) Australian supplier incurred R&D tax incentive rebate in respect of FY22 (**R&D Refund**).

Lender: Innovation Structure Finance Co., LLC (Radium Capital) (Grantor)

Amount: \$1,118,052

Interest: 14%pa

Final Tax Claim Date: 31/10/2022

Security: General Security Agreement and Featherweight Security Agreement over the Company's present and future assets including all of Nuheara's right, title and interest in:

- a) the R&D Refund, the proceeds of the R&D Refund and the Grantor's rights to apply for or obtain the R&D Refund;
- b) any Claim the Grantor may have against any party arising out of or in connection with the R&D Refund, any application for a R&D Refund or any failure to generate or receive the R&D Refund, including but not limited to, any claim or rights against the Grantor's tax agent, accountants or advisers; and
- c) all books and records of the Grantor relevant to the R&D Refund, all advice provided by Grantor's tax agent, accountants or advisers in relation to the R&D Refund or any application of the R&D Refund, all applications, filings or registrations with any Government Agency in relation to the R&D Refund (or application thereof) or to the preparation or lodgement of the Grantor's tax return.

Insurance Premium Funding

Nuheara has entered into short-term funding arrangements for its annual insurance premiums.

Lender: Elantis Premium Funding

Date: 28/02/2022

Amount: \$100,020

Interest: 4.9% flat rate of interest

Term: 10 months

Lender: West Premium Funding

Date: 30/04/2022

Amount: \$137,940

Interest: 2.69% flat rate of interest

Term: 10 months

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,971)
8.2	Cash and cash equivalents at quarter end (item 4.6)	412
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (Item 8.2 + item 8.3)	412
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.2

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

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

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

Answer:

Yes.

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

Answer: Yes

- On 1 July 2022, the Company announced a strategic partnership and new cornerstone investment with Realtek. Underpinning the partnership was a placement of 17,083,334 ordinary shares at \$0.12 for a total of \$2.05m, with Realtek subscribing for \$1.7m and a further \$0.35m allocated to sophisticated investors.
- As noted in 7.6 above, the Company secured funding of \$1,118,052 by way of advance funding of its presently earned (as at 28/02/2022) Australian supplier incurred R&D tax incentive rebate in respect of FY22. This provided Nuheara with the ability to match cash flows to its R&D requirements and provide additional funding. The R&D Refund is expected to be up to \$2 million for FY22 and is anticipated to be received by the Company in Q3 2022.
- The Company continues to review appropriate funding opportunities in accordance with its growth strategy that are in the long-term interests of its shareholders.

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

Answer: Yes

- On 12 April, Nuheara announced it had taken the final step in its plans to secure US FDA clearance for its self-fitting hearing aid by providing its 510(k) submission to the FDA. This submission solidifies Nuheara's expansion plans into the regulatory approved medical device market, which also aligns with the much-awaited US Over-the-Counter Hearing Aid final rule publication expected by the end of September 2022.
- The Company has paid for components in advance of manufacture of medical devices and, while the Company awaits regulatory approvals to bring Hearing Aid products to market, it still has existing inventory of IQbuds² MAX that continues to be sold in the normal course of business.
- The Company's growth opportunities are expected to increase significantly as a result of its entry into the medical device market.
- The recently announced partnership with Realtek should enable Nuheara to participate in the broader consumer electronics market, whilst focusing on its next generation of hearing aids to a regulated market.

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

Compliance statement

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

Date: 27 July 2022

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

Notes

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