

APPENDIX 4D

1 Results for Announcement to the Market

Current reporting period: Period ended 31 December 2022
 Previous corresponding period: Period ended 31 December 2021

	31 Dec 2022 \$	Restated 31 Dec 2021 \$	Increase/ (decrease) \$	% Change Up (+)/down (-)
Revenue from ordinary activities	765,622	2,973,759	(2,208,137)	(74%)
Loss from ordinary activities after tax attributable to members (from continuing operations)	(6,462,332)	(6,917,936)	455,604	(7%)
Net loss for the period attributable to members	(6,460,729)	(6,917,936)	457,207	(7%)

2 Dividend Information

The directors do not recommend the payment of an interim dividend in relation to the financial half-year ending 31 December 2022 (2021: nil).

3 Net tangible assets per security

	31 Dec 2022 \$	Restated 31 Dec 2021 \$
Net tangible asset backing per ordinary share (cents)	(0.59)	2.29

As at 31 December 2022 the number of shares on issue was 154,003,107 (31 December 2021: 92,365,782 restated for the 1:20 share consolidation effective on 6 May 2022).

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 gained or lost control

The Company has not gained or lost control of any entities during the half-year ending 31 December 2022.

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 and the accompanying financial report.

DIRECTORS' REPORT

The Directors of Nuheara Limited present their directors' report, together with the consolidated half-year financial report consisting of Nuheara Limited ("the Company") and its subsidiaries (jointly referred to as "the Group"), for the half-year ended 31 December 2022.

Directors

The directors in office at any time during the half year ended 31 December 2022 and up to the date of signing this report are:

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

Operating and Financial Review

Revenue from ordinary activities for the period was \$765,622. This compared with \$2,973,759 of revenue for the same period last year.

The Group incurred a net loss after tax of \$6,462,332. This compared with a restated net loss after tax of \$6,917,936 the same period last year. Included in the loss after tax was \$1,302,639 (31 Dec 2021 \$167,990) of write downs of inventory to net realisable value. The net loss after tax result represented a loss of 4.83 cents per share, compared to a loss of 8.01 cents per share over the same period last year.

Net cash inflows of \$2,663,001 were attributable to \$4,916,236 received through the issue of shares (net of share issue costs), \$2,500,000 from proceeds of issue of convertible note, offset by \$1,950,695 in net operating outflows, \$5,004 for the payment of plant and equipment, \$61,688 from proceeds from sale of assets held at fair value and \$1,476,549 for intangible assets (representing capitalised development costs and international trademark registrations).

As at 31 December 2022, the Group held cash \$3,137,605 (30 June 2022: \$441,525 and 31 December 2021: \$6,287,762).

Significant events after balance sheet date

On 8 March 2023, Nuheara announced that it has received firm commitments to raise \$2.831m (net proceeds) through a placement of approximately 17.49m new shares to existing and new sophisticated and professional investors at \$0.17 per fully paid up ordinary share. The share placement will fund working capital to increase production and marketing of the Group's hearing devices in key markets.

The placement of 17.49m new shares is being undertaken under the Company's existing ASX Listing Rule 7.1 placement capacity. Settlement of the placement and issue of the shares is expected to take place on or around 13 March 2023.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2022.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Justin Miller
Managing Director/Chief Executive Officer

Perth, 8 March 2023

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NUHEARA LIMITED

As lead auditor, I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

SW Audit (formerly ShineWing Australia)
Chartered Accountants



R Blayney Morgan
Partner

Melbourne, 8 March 2023

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NUHEARA LIMITED
ABN 29 125 167 133

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	NOTES	Half-year ended 31 Dec 2022 \$	Restated Half-year ended 31 Dec 2021 \$
Revenue		765,622	2,973,759
Cost of sales		(1,822,227)	(1,524,337)
Gross profit		(1,056,605)	1,449,422
Other income	4	960,106	929,507
Marketing and promotional		(1,290,236)	(4,070,726)
Product development and technology related expenses		(2,105,540)	(2,534,046)
General and administrative		(2,964,338)	(2,692,093)
Total expenses		(6,360,114)	(9,296,865)
Loss before tax from continuing operations		(6,456,613)	(6,917,936)
Income tax expense		(5,719)	-
Net loss after tax from continuing operations		(6,462,332)	(6,917,936)
Other comprehensive income/(loss)			
Total other comprehensive loss		-	-
Total comprehensive loss		(6,462,332)	(6,917,936)
Loss after tax attributable to:			
Owners of the Company		(6,460,729)	(6,917,936)
Non-controlling interests		(1,603)	-
Net loss after tax from continuing operations		(6,462,332)	(6,917,936)
Total comprehensive loss attributable to:			
Owners of the Company		(6,460,729)	(6,917,936)
Non-controlling interests		(1,603)	-
Total comprehensive loss		(6,462,332)	(6,917,936)
Earnings per share			
Basic loss per share (cents per share)	12	(4.83)	(8.01)
Diluted loss per share (cents per share)	12	(4.83)	(8.01)

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 2022

	NOTES	31 Dec 2022 \$	30 June 2022 \$	Restated 31 Dec 2021 \$
CURRENT ASSETS				
Cash and cash equivalents		3,137,605	441,525	6,287,762
Trade and other receivables		1,408,717	3,007,247	2,195,587
Inventory	6	3,396,388	3,355,010	3,385,257
Financial assets held at fair value		-	69,677	-
TOTAL CURRENT ASSETS		7,942,710	6,873,459	11,868,606
NON-CURRENT ASSETS				
Plant and equipment		138,104	175,846	224,349
Right of use asset		303,657	394,754	484,472
Intangible assets	7	5,230,502	5,848,725	5,986,992
TOTAL NON-CURRENT ASSETS		5,672,263	6,419,325	6,695,813
TOTAL ASSETS		13,614,973	13,292,784	18,564,419
CURRENT LIABILITIES				
Trade and other payables		4,724,246	3,631,789	4,180,405
Financial liabilities	9	195,205	1,484,353	190,533
Income tax payable		12,419	12,419	-
Provisions		445,614	682,969	828,283
TOTAL CURRENT LIABILITIES		5,377,484	5,811,530	5,199,221
NON-CURRENT LIABILITIES				
Financial liabilities	9	1,811,158	2,069,463	3,230,935
Deferred income	8	1,965,578	2,174,927	1,925,327
Provisions		137,395	132,693	114,341
TOTAL NON-CURRENT LIABILITIES		3,914,132	4,377,083	5,270,603
TOTAL LIABILITIES		9,291,615	10,188,613	10,469,824
NET ASSETS		4,323,358	3,104,171	8,094,595
EQUITY				
Issued capital	10	71,007,535	64,294,132	62,017,598
Share option reserve	11	4,500,584	4,469,726	4,327,089
Foreign currency translation reserve		(7,458)	(7,458)	(6,478)
Option premium on convertible note		937,258	-	-
Accumulated losses		(72,120,410)	(65,659,681)	(58,243,614)
Non-controlling interest		5,849	7,452	-
TOTAL EQUITY		4,323,358	3,104,171	8,094,595

The accompanying notes form part of these financial statements.

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NUHEARA LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Ordinary Shares	Accumulated Losses	Share Option Reserve	Foreign Currency Translation Reserve	Option Premium on Convertible Note	Non- Controlling Interests	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	64,294,132	(65,659,681)	4,469,726	(7,458)	-	7,452	3,104,171
Comprehensive Income							
Loss for the period	-	(6,460,729)	-	-	-	(1,603)	(6,462,332)
Total comprehensive loss for the period	-	(6,460,729)	-	-	-	(1,603)	(6,462,332)
Transactions with owners in their capacity as owners:							
Shares issued during the period	7,072,525	-	-	-	-	-	7,072,525
Share issue costs	(359,122)	-	-	-	-	-	(359,122)
Equity settled share-based payments	-	-	30,858	-	-	-	30,858
Option premium on convertible note	-	-	-	-	937,258	-	937,258
Balance at 31 December 2022	71,007,535	(72,120,410)	4,500,584	(7,458)	937,258	5,849	4,323,358



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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 30 June 2021	59,841,737	(47,803,711)	759,803	(130,356)	12,667,473
Restatement – Note 2	124,971	(3,521,967)	3,451,919	123,878	178,801
Balance at 1 July 2021 (restated)	59,966,708	(51,325,678)	4,211,722	(6,478)	12,846,274
Comprehensive Income					
Loss for the period	-	(6,917,936)	-	-	(6,917,936)
Total comprehensive loss for the period	-	(6,917,936)	-	-	(6,917,936)
Transactions with owners in their capacity as owners:					
Shares issued during the period	2,050,142	-	-	-	2,050,142
Share issue costs	(119,236)	-	-	-	(119,236)
Transfer balance of share option reserve on exercise of options	119,984	-	(119,984)	-	-
Equity-settled share-based payments expense	-	-	235,351	-	235,351
Balance at 31 December 2021	62,017,598	(58,243,614)	4,327,089	(6,478)	8,094,595

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NUHEARA LIMITED
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Half-year ended 31 Dec 2022 \$	Half-year ended 31 Dec 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,004,823	3,263,708
Interest received	5,430	515
Grants and rebates received	2,085,929	1,774,328
Other income	18,727	32,885
Payments to suppliers and employees	(5,042,431)	(7,901,203)
Income tax paid	(5,719)	-
Interest and other costs of finance paid	(17,454)	(17,454)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(1,950,695)	(2,847,221)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from sale of plant and equipment	-	200
Net proceeds from the sale of assets held at fair value	61,688	-
Payments for plant and equipment	(5,004)	(82,781)
Payments for intangible assets	(1,476,549)	(2,661,212)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,419,865)	(2,743,793)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,500,000	3,000,000
Proceeds from share and option issues	5,056,236	1,733,543
Share raising costs	(140,000)	(119,237)
Repayment of borrowings	(1,382,675)	(47,078)
NET CASH FLOWS FROM FINANCING ACTIVITIES	6,033,561	4,567,228
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS HELD	2,663,001	(1,023,786)
Cash and cash equivalent at beginning of the financial period	441,525	7,276,355
Effect of foreign exchange rate changes	33,079	35,193
Cash and cash equivalent at the end of the financial period	3,137,605	6,287,762

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NUHEARA LIMITED
ABN 29 125 167 133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 AASB 3 *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.

a) Basis of preparation

These general purpose interim financial statements for the Half Year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the following half year.

The interim financial report has been prepared on an accruals and historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian dollars, rounded off to the nearest thousand dollars, unless otherwise indicated.

This interim financial report including any commentary on the Group results was authorised for issue in accordance with a resolution by the board of directors.

b) Going concern

For the half-year ended 31 December 2022 the Group has incurred a loss of \$6,462,332 and net operating cash outflows of \$1,950,695 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 \$6,917,936 and had net operating cash outflows of \$2,847,221.

After the capital raising disclosed in Note 14 Subsequent Events and based on the Group's current cash flow forecast, the Directors have estimated that the Group requires a further \$2.0m of additional funding to provide the required working capital and headroom to deliver its growth plan for the next twelve months.

1 GENERAL INFORMATION (continued)

b) Going concern (continued)

The Directors remain committed to the long-term business plan. 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:

- Raising additional working capital through the issue of debt or equity securities and/or other funding over the next 12 months in addition to the capital raising noted above;
- The Group has a strong historic record of raising funds and has recently attracted strong investor support following the Group's successful FDA OTC approval in the US;
- The Group is managing its cash flow and negotiating with creditors as needed;
- Active management of the current level of discretionary expenditure in line with the funds available to the Group; and
- The Group is now manufacturing and shipping its new OTC approved HP Hearing Pro hearing aid device to its retail sales partners and expects to be able to grow its revenues and margins from the sale of this and other existing devices going forward.

Due to the risks inherent in executing the plans outlined above there is a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and to be able to pay its debts as and when they fall due, and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

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 the new policy for Compound Instruments below due to the issuance of the Realtek convertible note.

Compound instruments

The component parts of convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to ordinary shares (equity). Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

b) Critical accounting estimates

When preparing the interim financial statements, management undertakes a number of judgments, estimates, and assumptions about the recognition and measurement of assets, liabilities, income, and expenses. The actual results may differ from the judgments, estimates, and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates, and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2022.

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.

d) Impacts of COVID-19

The business activities of Nuheara Limited are now unrestricted in relation to COVID-19. The previously experienced impacts of COVID-19 reduced significantly with the cessation of lockdowns and related restrictions during the second half of FY22. Sales activity has since resumed and was not impacted during the financial period under review.

2 RESTATEMENT OF COMPARATIVES

In preparing the 30 June 2022 financial statements the Group recognised that the comparative figures required restatement. The 30 June 2021 restatement, including the restatement made to accumulated losses at 1 July 2020 has been disclosed in the 30 June 2022 Annual Report.

The adjustments for 31 December 2021 included:

- a) Adjustments that have been made to the treatment of R&D Tax Offsets so that:
 - (i) It is recognised in the half-year in which the associated expenditure has been made. This required an additional receivable of \$942,824 being recognised as at 31 December 2021.
 - (ii) As at 31 December 2021 a deferred income liability of \$1,925,327 has been recognised to match the recognition of the income with the associated amortisation of the intangible asset.
 - (iii) After adjusting for the items above there is a \$878,221 decrease in other income in the consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2021.
- b) Accounting for share-based payments (unquoted options) has been restated for incorrect inputs into valuation models. Amortisation expense over the vesting period was not being recognised correctly, share-based payments that had fully vested and had expired were being recognised as a benefit in the profit or loss, when no benefit should have been recognised, and various other issues with the misapplication of AASB 2 *Share-based payments*. The adjustments associated with these items are:
 - (i) The share option reserve has been increased by \$3,408,787 from 1 January 2021.
 - (ii) Expenses associated with share-based payments have decrease in the half-year ending 31 December 2021 by \$42,984.
- c) Intangible assets have been adjusted to capitalise share-based payments which were granted to employees that were eligible for capitalisation. The adjustments are as follows:
 - (i) Intangible assets have decrease by \$282,095 as at 31 December 2021
 - (ii) Amortisation has increased by \$121,896 in the half-year ending 31 December 2021
- d) Issued capital has been adjusted for a transfer has been made for share-based payments that have been exercised of \$119,984 as at 31 December 2021.
- e) Adjustments to Right of use assets and lease liabilities have been made to ensures balances reported at 31 December 2021 are in accordance with AASB 16 *Leases*. The adjustments are as follows:
 - (i) Amortisation expense has decreased by \$14,098 and interest expense by \$889 for the half-year ending 31 December 2021.
 - (ii) Lease liability has decreased by \$129,153 and right of use asset decreased by \$114,166 for the half-year ending 31 December 2021.
- f) Cash and cash equivalents have been adjusted to recognise the foreign currency translation at 31 December 2021 and the unrealised gain of \$35,193.
- g) Earnings per share has been restated for the impact of the restatements above to remove the effect of anti-dilution and the adjustments above at 31 December 2021.

2 RESTATEMENT OF COMPARATIVES (continued)

These adjustments have been adopted by restating each of the affected financial statement line items for the prior periods as follows:

Consolidated statement of profit or loss and other comprehensive income

	Ref	Reported 31 Dec 2021 \$	Consolidated Adjustments 31 Dec 2021 \$	Restated 31 Dec 2021 \$
Revenue		2,973,759	-	2,973,759
Cost of revenue		(1,524,337)	-	(1,524,337)
Gross profit		1,449,422	-	1,449,422
Other income	(a)(iii)	1,807,728	(878,221)	929,507
Other expenses	(b)(ii), (c)(ii), (e)(i), (f)	(9,265,873)	(30,992)	(9,296,865)
Loss before tax from continuing operations		(6,008,723)	(909,213)	(6,917,936)
Income tax expense		-	-	-
Net loss after tax from continuing operations		(6,008,723)	(909,213)	(6,917,936)
Total comprehensive loss attributable to:				
Equity holders		(6,008,723)	(909,213)	(6,917,936)
Non-controlling interests		-	-	-
Total comprehensive loss		(6,008,723)	(909,213)	(6,917,936)
Earnings per share				
Basic loss per share (cents per share)	(g)	(0.28)	(7.73)	(8.01)
Diluted loss per share (cents per share)	(g)	(0.27)	(7.74)	(8.01)

2 RESTATEMENT OF COMPARATIVES (continued)

Statement of financial position

		Reported	Consolidated	Restated
		31 Dec 2021	31 Dec 2021	31 Dec 2021
		\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents		6,252,569	35,193	6,287,762
Trade and other receivables	(a)(i)	1,252,763	942,824	2,195,587
Inventory		3,385,257	-	3,385,257
TOTAL CURRENT ASSETS		10,890,589	978,017	11,868,606
NON-CURRENT ASSETS				
Plant and equipment		224,349	-	224,349
Right of use asset	(e)(ii)	598,638	(114,166)	484,472
Intangible assets	(c)(i)	5,704,897	282,095	5,986,992
TOTAL NON-CURRENT ASSETS		6,527,884	167,929	6,695,813
TOTAL ASSETS		17,418,473	1,145,946	18,564,419
CURRENT LIABILITIES				
Trade and other payables		4,178,236	2,169	4,180,405
Financial Liabilities	(e)(ii)	242,852	(52,319)	190,533
Provisions		828,283	-	828,283
TOTAL CURRENT LIABILITIES		5,249,371	(50,150)	5,199,221
NON-CURRENT LIABILITIES				
Financial liabilities	(e)(ii)	3,307,769	(76,834)	3,230,935
Deferred income	(a)(ii)	-	1,925,327	1,925,327
Provisions		114,341	-	114,341
TOTAL NON-CURRENT LIABILITIES		3,422,110	1,848,493	5,270,603
TOTAL LIABILITIES		8,671,481	1,794,455	10,469,824
NET ASSETS		8,746,992	(652,397)	8,094,595
EQUITY				
Issued capital	(d)	61,772,644	244,954	62,017,598
Share option reserve	(b)(i)	918,302	3,408,787	4,327,089
Other reserves		(141,901)	135,423	(6,478)
Accumulated losses		(53,802,053)	(4,441,561)	(58,243,614)
TOTAL EQUITY		8,746,992	(652,397)	8,094,595

3 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.

There are two customers (2021: one) that accounted for over 10% of revenue, these customers makes up 34% and 14% (2021: 45%) of revenue.

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4 REVENUE AND OTHER INCOME
Revenue

Revenue from sales of products

Total revenue
Other Income

Interest income

Grant income

Amortisation - R&D tax offset

Sundry income

Total other income

	Half-year ended 31 Dec 2022 \$	Restated Half-year ended 31 Dec 2021 \$
Revenue from sales of products	765,622	2,973,759
Total revenue	765,622	2,973,759
Other Income		
Interest income	5,430	515
Grant income	36,600	51,715
Amortisation - R&D tax offset	899,349	844,392
Sundry income	18,727	32,885
Total other income	960,106	929,507

5 EXPENSES
Employee benefits

Defined contribution plans (superannuation)

Equity-settled share-based payments (unquoted options)

Salary and wages

Other employee benefits

Total employee benefits

Finance costs

Interest on loans

Interest on convertible loans

Interest on lease liabilities

Other finance costs

Total finance costs

Depreciation and amortisation

Depreciation on property, plant and equipment

Depreciation on right-of use assets

Amortisation of intangible assets

Total depreciation and amortisation

Other (gains)/losses

Net foreign exchange gains

Gain on embedded derivative associated with convertible note

Loss on disposal of financial asset at fair value

Total other (gains)/losses

	Half-year ended 31 Dec 2022 \$	Restated Half-year ended 31 Dec 2021 \$
Defined contribution plans (superannuation)	125,199	157,362
Equity-settled share-based payments (unquoted options)	30,928	115,615
Salary and wages	1,687,579	1,767,603
Other employee benefits	13,089	132,607
Total employee benefits	1,825,867	2,173,187
Finance costs		
Interest on loans	74,212	19,811
Interest on convertible loans	407,870	250,220
Interest on lease liabilities	3,089	2,059
Other finance costs	17,455	4,712
Total finance costs	502,626	276,802
Depreciation and amortisation		
Depreciation on property, plant and equipment	41,431	88,426
Depreciation on right-of use assets	91,097	60,731
Amortisation of intangible assets	2,094,772	1,883,227
Total depreciation and amortisation	2,207,203	2,032,384
Other (gains)/losses		
Net foreign exchange gains	(5,974)	(90,142)
Gain on embedded derivative associated with convertible note	-	(37,960)
Loss on disposal of financial asset at fair value	7,989	-
Total other (gains)/losses	2,015	(128,102)

6 INVENTORIES

Raw materials - at lower of cost or net realisable value

Finished goods - at lower of cost or net realisable value

	31 Dec 2022 \$	30 June 2022 \$
Raw materials - at lower of cost or net realisable value	2,311,347	899,162
Finished goods - at lower of cost or net realisable value	1,084,776	2,455,848
	3,396,388	3,355,010

Included in cost of goods sold is \$1,302,639 (31 Dec 2021 \$167,990) in respect of write downs of inventory to net realisable value.

7 INTANGIBLE ASSETS

Development costs – at cost
Less: accumulated amortisation and impairment losses
Net carrying amount

	31 Dec 2022	30 June 2022
	\$	\$
Development costs – at cost	24,082,406	22,626,545
Less: accumulated amortisation and impairment losses	(19,573,629)	(17,530,207)
Net carrying amount	4,508,777	5,096,338
Patents and Trademarks – at cost	1,117,143	1,096,455
Less: accumulated amortisation and impairment losses	(395,418)	(344,068)
Net carrying amount	721,725	752,387
Total intangible assets	5,230,502	5,848,725

8 DEFERRED INCOME

R&D Tax Offset deferred liability
Less: accumulated amortisation
At end of period

	31 Dec 2022	30 June 2022
	\$	\$
R&D Tax Offset deferred liability	9,968,496	9,278,496
Less: accumulated amortisation	(8,002,918)	(7,103,569)
At end of period	1,965,578	2,174,927

9 FINANCIAL LIABILITIES

CURRENT

Short term loan (1)
Lease liability
Insurance premium funding

	31 Dec 2022	30 June 2022
	\$	\$
Short term loan (1)	-	1,151,478
Lease liability	181,213	184,599
Insurance premium funding	13,992	148,276
	195,205	1,484,353

NON-CURRENT

Lease liability
Convertible note (2)
Convertible note (3)

	31 Dec 2022	30 June 2022
	\$	\$
Lease liability	128,518	215,223
Convertible note (2)	1,682,640	-
Convertible note (3)	-	1,854,240
	1,811,158	2,069,463

(1) Short term loan

On 28 November 2022 the loan with Innovation Structure Finance Co., LLC (Radium Capital) was repaid in full, with interest of \$104,466 being paid.

For further details on the terms and conditions of this liability please refer to the Company's 30 June 2022 Annual Report.

(2) Convertible note - Realtek

On 8 September 2022, Nuheara announced the follow-on round of funding from Realtek. By way of a signed Convertible Note, Nuheara raised \$2.5 million from Realtek, which follows the \$1.7 million placement from Realtek on 1 July 2022.

9 FINANCIAL LIABILITIES (continued)

(2) Convertible note - Realtek

The key terms of the Convertible Note are as follows:

- Maturity date: 7 September 2024
- Conversion price: A\$0.16
- Conversion: Convertible (in whole or part) by Realtek at any time prior to the Maturity Date into such number of shares as is determined by the Conversion Price
- Interest Conversion Price: means the 30-trading day VWAP of shares immediately prior to the relevant interest payment date, subject to a floor price of \$0.16
- Interest: 8% per annum payable quarterly either (at Realtek's election) into cash or converted into such number of shares as is determined by the Interest Conversion Price.
- Security: A first ranking security interest over all of the Company's assets to Realtek to secure payment of the outstanding amount and any accrued interest owed to Realtek (Outstanding Amount), and
- Repayment: Unless fully converted, the Company must redeem all convertible notes by repaying the Outstanding Amount and any accrued but unpaid interest on the maturity date. The Company cannot prepay the convertible notes.

The Convertible notes have been recognised net of \$937,258 relating to the equity portion of the compound instrument, which has been recognised in equity. This has been calculated based on an effective interest rate of 55% which includes the 8% interest payable in cash or shares. Since inception, \$119,888 has been unwound up to 31 December 2022.

(3) Convertible Note – Healthcare 2030 LLC

On 27 June 2022, Healthcare 2030 issued a final subscription notice for the remaining 6,454,545 shares at 11 cents per share, under the Subscription Agreement entered into in December 2021. These shares were issued on 12, 26 and 27 July. The issue of the shares finalised the agreement with Healthcare 2030.

For further details on the terms and conditions of this liability please refer to the Company's 30 June 2022 Annual Report.

10 ISSUED CAPITAL

(i) Issued and Paid Up Capital

154,003,107 Ordinary shares, fully paid
(30 June 2022: 103,198,611 and 31 December 2021:
92,365,782)

	31 Dec 2022 \$	30 Jun 2022 \$	31 Dec 2021 Restated \$
	71,007,535	64,294,132	62,017,598

10 ISSUED CAPITAL (continued)

(ii) Movements during the period

Opening Balance at 1 July 2022

2 July 2022 – balance of Share Placement proceeds	
12 July 2022 – shares issued by way of conversion under Convertible Note funding agreement at \$0.105	
12 July 2022 shares issued under Salary Sacrifice Share Plan (Directors) @ \$0.6863	
12 July 2022 shares issued under Salary Sacrifice Share Plan (Directors) @ \$0.4226	
12 July 2022 shares issued under Salary Sacrifice Share Plan (Directors) @ \$0.2985	
12 July 2022 shares issued under Salary Sacrifice Share Plan (Directors) @ \$0.1876	
12 July 2022 shares issued under Salary Sacrifice Share Plan (Directors) @ \$0.1376	
12 July 2022 - shares issued by way of share placement @ \$0.12	
26 July 2022 – purchase of 9,800,000 initial Placements @ \$0.105	
26 July 2022 - shares issued by way of conversion under Convertible Note funding agreement at \$0.105	
27 July 2022 - shares issued by way of conversion under Convertible Note funding agreement at \$0.11	
30 December 2022 - shares issued by way of share placement @ \$0.18	
Less: Share issue costs	

Balance shares at 31 December 2022

31 Dec 2022 No.	31 Dec 2022 \$
103,198,611	64,294,132
-	114,000
1,904,762	200,000
37,548	25,770
60,982	25,771
83,022	24,785
104,222	19,555
42,110	5,793
14,166,667	1,700,000
-	51,450
11,142,857	1,170,000
6,454,545	710,000
16,807,781	3,025,401
-	(359,122)
154,003,107	71,007,535

(ii) Movements during the period

Opening Balance at 30 June 2021	
Restatement – Note 2	
Balance at 1 July 2021 (restated)	
6 July 2021 – shares issued on exercise of options @ \$0.025	
9 July 2021 – shares issued under Salary Sacrifice Share Plan @ \$0.0459	
31 August 2021 – shares issued on exercise of options @ \$0.025	
4 October 2021 - shares issued on exercise of options @ \$0.025	
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	
29 December 2021 – shares issued by way of share placement to Healthcare 2030 LLC under Share Placement Agreement @ \$0.017	
31 December 2021 – shares issued by way of share placement @ \$0.016	
Options issued during the year	
Less: Share issue costs	

Balance shares at 31 December 2021

31 Dec 2021 No.	31 Dec 2021 \$
1,723,004,193	59,841,737
-	124,971
-	59,966,708
1,709,120	37,500
1,089,890	50,043
1,000,000	25,000
24,943	-
9,375,000	150,000
9,800,000	166,600
101,312,500	1,621,000
-	119,984
-	(119,236)
1,847,315,646	62,017,598

10 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.

11 SHARE OPTION RESERVE

(i) Unlisted options

3,259,241 (30 June 2022: 4,391,283/
31 December 2021 restated: 3,743,572)
unlisted options

	31 Dec 2022 \$	30 Jun 2022 \$	31 Dec 2021 Restated \$
	4,500,584	4,469,726	4,327,089

12 EARNINGS PER SHARE

Basic loss per share (cents per share)
Diluted loss per share (cents per share)

	Half-year ended 31 Dec 2022 Cents	Restated Half year ended 31 Dec 2021 Cents
	(4.83)	(8.01)
	(4.83)	(8.01)

Basic loss per share:

Loss

	Half-year ended 31 Dec 2022 \$	Restated Half year ended 31 Dec 2021 \$
	(6,462,332)	(6,917,936)

Weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

Weighted average number of ordinary shares – basic loss per share
Weighted average number of ordinary shares – diluted loss per share

	Half year ended 31 Dec 2022 No.	Restated Half year ended 31 Dec 2021 No.
	133,817,610	86,362,658
	133,817,610	86,362,658



NUHEARA LIMITED
ABN 29 125 167 133

13 SHARE-BASED PAYMENTS

The following share-based payment arrangements existed:

- a) There were 327,884 shares were granted to key management personnel during the half-year ended 31 December 2022 (31 December 2021: 3,089,890), as a result of salary sacrifice share plan. There were no options granted to key management personnel during the half-year ended 31 December 2022.
- b) There were no shares granted to non-key management personnel during the half-year ended 31 December 2022 (31 December 2021: 1,146,667) on exercise of employee options. There were no options granted to non-key management personnel during the half-year ended 31 December 2022 (31 December 2021: 600,000).

14 SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

On 8 March 2023, Nuheara announced that it has received firm commitments to raise \$2.831m (net proceeds) through a placement of approximately 17.49m new shares to existing and new sophisticated and professional investors at \$0.17 per fully paid up ordinary share. The share placement will fund working capital to increase production and marketing of the Group's hearing devices in key markets.

The placement of 17.49m new shares is being undertaken under the Company's existing ASX Listing Rule 7.1 placement capacity. Settlement of the placement and issue of the shares is expected to take place on or around 13 March 2023.

DIRECTORS' DECLARATION

The Directors of Nuheara Limited declare that:

1. 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: and
2. in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors:



Justin Miller
Managing Director/Chief Executive Officer

Perth, 8 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF NUHEARA LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Nuheara Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the Group incurred a net loss of \$6,462,332 during the half-year ended 31 December 2022 and, net operating cash outflows of \$1,950,695. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the 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.

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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report are 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 2022 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.

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.



SW Audit (formerly ShineWing Australia)
Chartered Accountants



R Blayney Morgan
Partner

Melbourne, 8 March 2023