

APPENDIX 4E
PRELIMINARY FINAL REPORT

1. Results for Announcement to the Market

Current reporting period: Year ended 30 June 2023
Previous corresponding period: Year ended 30 June 2022

	Amount \$	% Change up(+)/down(-)
Revenue from ordinary activities	1,931,264	-50%
Loss from ordinary activities after tax attributable to members	(11,154,179)	-22%
Net loss for the period attributable to members	(11,154,179)	-22%

2. Dividend information

The directors do not recommend the payment of a dividend in relation to the financial year ended 30 June 2023 (2022: Nil).

3. Net tangible assets/(liabilities) per security

	2023 \$	2022 \$
Net tangible asset/(liability) backing per ordinary share (cents)	0.74	(2.66)

As at 30 June 2023 the number of shares on issue was 197,069,884 (30 June 2022: 103,198,611).

4. Details of entities over which the company has gained or lost control during the period

The Company registered the following wholly owned subsidiary:

- Nuheara NL B.V incorporated in The Netherlands on 22 July 2022.

The contribution of this entity to the loss for the period was negligible.

5. Details of joint venture entities

The Company does not have any interests in joint ventures.

6. Audit report

The preliminary final report is based on accounts which are in the process of being audited.

7. Commentary on the results

Revenue from ordinary activities for the year was \$1,931,264, compared with revenue of \$3,865,582 for the year ended 30 June 2022; a decrease of 50%. Following the launch of the Group's HP Hearing Pro OTC hearing aid in early 2023, revenue in the second half of the year increased materially versus the first half of the year at \$1,165,642 versus \$765,622 and was 31% higher than the revenue in the second half of the prior year.

The Group recorded negative gross profit of \$951,472, reflecting the inclusion in cost of goods sold of \$1,862,157 in respect of write downs of inventory to net realizable value relating to the Group's Nuheara-branded products (30 June 2022 write down: \$713,901). Excluding these write downs, underlying gross profit was \$910,685.

The Group recorded a net loss after tax attributable to members of \$11,154,179 in the year ended 30 June 2023. This was 22% lower than the net loss after tax attributable to members reported for the year ended 30 June 2022 of \$14,335,100. The net loss after tax result represented a loss of 7.41 cents per share (basic and diluted), compared to a loss of 15.56 cents per share last year.

Net cash inflows of \$1,848,662 were attributable to \$10,828,181 received through capital raisings (net of share issue expenses), \$2,500,000 from proceeds of issue of convertible notes, \$61,688 from proceeds from sale of assets held at fair value; offset by \$7,480,364 in net operating outflows, \$2,876,524 for the purchase of intangible assets (capitalised development costs and trademarks), \$5,005 for the purchase of plant and equipment and \$1,179,314 net repayments from other borrowings.

At year-end, the Group held \$2,320,101 in cash (30 June 2022: \$441,525).

8. Business Update

(i) US FDA creates OTC Hearing aid market, enabling Nuheara's transformation into a medical device company

In August 2022, the US FDA released its landmark final ruling, establishing a regulatory category for over-the-counter ("OTC") hearing aids in the United States. This allows hearing solutions to be offered to a much greater audience of consumers by enabling producers and retailers to increase accessibility and affordability versus the traditional hearing solutions model. Nuheara, with over 8 years of developing and selling unregulated hearable products, was ideally positioned to capitalise on this market opportunity and in October 2022 received its historic and world first US FDA certification for its 510(K) self-fitting hearing aids, enabling its transition into a medical device company.

(ii) Successful launch of Nuheara's HP Hearing Pro

In January 2023, Nuheara launched the world's first US FDA cleared self-fitting OTC hearing aid, HP Hearing Pro at the Consumer Electronics Show (CES) 2023 in Las Vegas. Subsequently, mass production and shipment commenced in February 2023 with product sales of over \$1m invoiced by end of June 2023. The product was initially on sale through 302 Best Buy retail stores in the US, with Nuheara also engaging with other leading retailers to further expand the category for consumers and extend its retail distribution reach (see *events occurring after balance sheet date* below).

(iii) Strategic partnership with Realtek Semiconductor Corporation

In July 2022, the Company announced that it had entered into a strategic partnership with Taiwan based Realtek Semiconductor Corporation (Realtek), to include a cornerstone investment by Realtek in Nuheara.

By way of a signed Memorandum of Understanding, Nuheara and Realtek are partnering 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.

The Partnership was initially supported by a placement of 14,166,667 ordinary shares at \$0.12 to Realtek for a total of \$1.7 million. On 8 September 2022, Nuheara announced a follow-on round of funding from Realtek. By way of a signed Convertible Note, Nuheara raised \$2.5 million from Realtek. The Convertible Note was issued under the Company's Listing Rule 7.1 placement capacity. Funds from these investments are being used for product research and development, medical device/hearing aid market and regulatory development, and working capital. Realtek also supported and participated in subsequent capital raises, as outlined below.

A key initiative under the partnership is to enable Nuheara to deliver its next generation of hearing aid products by integrating Realtek's advanced chipset (see below). The partnership can also help enable Nuheara to expand to co-developing TWS PSAP chipset and technology solutions for the broader consumer electronics market.

(iv) Next generation product development

Substantial investment in research and development has been the key driver of Nuheara successfully positioning itself as a product leader in the nascent US OTC market. Notwithstanding the market positioning of the current generation HP Hearing Pro product, work is ongoing with the next generation product. A key aspect of this development is the embedding of a single Realtek chipset, versus four chips currently, which will enable us to provide enhanced consumer benefits; gives us increased control of the design and manufacture of the product; and can enable us to explore Original Equipment Manufacturer (OEM) partnership opportunities.

(v) Enhanced organisational structure to better support current US footprint and future growth

In April 2023, the Group's announced its new enhanced organisation structure to reflect its transition to a medical device company and better support its future growth, including capitalising on the new US OTC hearing aid market opportunity and OEM opportunities. The structure included the appointment of new senior executives together with the reassignment of existing executives to better align with the Group's growth strategy.

(vi) Capital raisings

Capital raise December 2022

On 22 December 2022, Nuheara announced that it was completing a capital raise of \$3m (before costs) through a placement of approximately 16.8m new shares to existing and new sophisticated and professional investors at \$0.18 per fully paid up ordinary share. The placement was cornerstoned by Realtek who contributed \$1.5m of the total funds raised. The share placement was to fund working capital to ramp up production for the rollout of the Company's US FDA cleared OTC hearing aids.

The placement of 16.8m new shares was undertaken under the Company's ASX Listing Rule 7.1 placement capacity with settlement of the placement and the issue of the shares taking place on 30 December 2022.

Capital raise March 2023

On 8 March 2023, Nuheara announced that it was completing a capital raise of \$3m (before costs) 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

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share. The placement was again cornerstoned by Realtek who contributed \$0.6m of the total funds raised. The share placement was to fund working capital to increase production and marketing of the Group's hearing devices in key markets.

The placement of 17.49m new shares was undertaken under the Company's ASX Listing Rule 7.1 placement capacity with settlement of the placement and issue of the shares taking place on 13 March 2023.

Capital raise June 2023

On 6 June 2023, Nuheara announced that it was completing a capital raise of \$4.4m (before costs) through a placement at \$0.145 per share, a premium to the Company's last closing share price, to sophisticated and professional investors. Existing shareholders Realtek, Farjoy and Salter Brothers cornerstoned the placement with funds raised to support working capital to ramp up production, marketing, and promotions for the ongoing rollout of HO Hearing PRO hearing aids in the US. \$3.52m (before costs) of these funds were received in June 2023 being the issue of 24.28m shares under the Company's ASX Listing Rule 7.1 placement capacity. The balance of \$880,000 of the funds related to amounts to be issued to Realtek and therefore were subject to shareholder approval under Listing Rule 10.11 and accordingly were not received in the year ended 30 June 2023 (see *events after balance sheet date* below)

(vii) Close out of Subscription Agreement

On 12 July 2022, 26 July 2022 and 27 July 2022, Healthcare 2030 issued subscription notices for the remaining shares under the Subscription Agreement entered into in December 2021. The issue of 19,502,164 shares in respect of these three subscription notices finalised the agreement with Healthcare 2030.

Events occurring after balance sheet date

Receipts from June capital raise

As noted above, Realtek's portion of the June 2023 capital raise of \$880,000 was subject to shareholder approval which was obtained at a general meeting of shareholders on 20 July 2023. The funds were received in August 2023 with 6,068,966 shares issued to Realtek on 10 August 2023 at \$0.145 per share. On that same date an additional 311,644 shares were issued to Realtek for conversion of accrued interest payable under their \$2.5m Convertible Note agreement at \$0.16 per share.

Substantial expansion of Nuheara's US Retail distribution footprint

In August 2023, Nuheara announced that it was accelerating its US retail expansion with the total number of retail points-of-sale to increase to over 5,000 before the end of the 2023 calendar year. This will include HP Hearing Pro being on display at over 4,000 Walmart retail stores across North America from October, together with 100 initial Target retail stores and over 600 Best Buy stores. In conjunction with this substantial increase in distribution footprint, to further enhance accessibility and affordability to US consumers, Nuheara will be reducing the consumer retail pricing of its HP Hearing Pro to US\$499.

Next generation product development progressing well with expected product launch in January 2024

In August 2023, Nuheara announced that it expects its new single chip hearing aid, developed in conjunction with Realtek, to be launched as a Generation 4 product at the US Consumer Electronic Show (CES) in January 2024. As well as providing enhanced consumer product benefits and features, the product with a single chip (instead of four), will have a lower cost of production which is expected to offset for Nuheara the reduced retail price point of HP Hearing Pro.

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**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTES	2023 \$	2022 \$
Revenue		1,931,264	3,865,582
Cost of goods sold		(2,882,736)	(3,153,296)
Gross profit		(951,472)	712,286
Other income		1,861,699	1,912,164
Marketing and promotional		(2,078,448)	(5,399,307)
Product development and technology related expenses		(4,281,676)	(6,121,811)
General and administrative		(5,698,236)	(5,418,561)
Total expenses		(10,196,661)	(15,027,515)
Loss before tax from continuing operations		(11,148,133)	(14,315,229)
Income tax expense		(8,203)	(12,419)
Loss after tax from continuing operations		(11,156,336)	(14,327,648)
<i>Other comprehensive income</i>			
Exchange differences on translating foreign operations		890	118
Total other comprehensive income		890	118
Total comprehensive loss		(11,155,446)	(14,327,530)
Loss after tax attributable to:			
Equity holders		(11,154,179)	(14,335,100)
Non-controlling interests		(2,157)	7,452
Total loss after tax		(11,156,336)	(14,327,648)
Total comprehensive profit/(loss) attributable to:			
Equity holders		(11,153,289)	(14,334,982)
Non-controlling interests		(2,157)	7,452
Total comprehensive loss		(11,155,446)	(14,327,530)
Earnings per share			
Basic loss per share (cents per share)	5	(7.41)	(15.56)
Diluted loss per share (cents per share)	5	(7.41)	(15.56)

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTES	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents		2,320,101	441,525
Trade and other receivables		3,257,626	3,007,247
Inventory		2,130,112	3,355,010
Financial assets held at fair value		-	69,677
Other current assets		321,558	
TOTAL CURRENT ASSETS		8,029,397	6,873,459
NON-CURRENT ASSETS			
Plant and equipment		102,579	175,846
Right of use asset		212,560	394,754
Other assets		-	-
Intangible assets		4,673,007	5,848,725
TOTAL NON-CURRENT ASSETS		4,988,146	6,419,325
TOTAL ASSETS		13,017,543	13,292,784
CURRENT LIABILITIES			
Trade and other payables		2,150,959	3,631,789
Financial liabilities		303,013	1,484,353
Income tax payable		-	12,419
Provisions		648,409	682,969
TOTAL CURRENT LIABILITIES		3,102,381	5,811,530
NON-CURRENT LIABILITIES			
Financial liabilities		1,968,230	2,069,463
Deferred income		1,766,265	2,174,927
Provisions		55,205	132,693
TOTAL NON-CURRENT LIABILITIES		3,789,700	4,377,083
TOTAL LIABILITIES		6,892,081	10,188,613
NET ASSETS		6,125,462	3,104,171
EQUITY			
Issued capital	3	77,155,934	64,294,132
Share option reserve	4	4,847,403	4,469,726
Option premium on convertible notes		937,258	-
Foreign currency translation reserve		(7,458)	(7,458)
Accumulated losses		(76,812,970)	(65,659,681)
Non-controlling interests		5,295	7,452
TOTAL EQUITY		6,125,462	3,104,171

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Ordinary Shares \$	Accumulated Losses \$	Option Premium on Convertible Notes \$	Share Option Reserve \$	Foreign Currency Translation Reserve \$	Non- Controlling Interests \$	Total \$
Balance at 1 July 2021	59,966,708	(51,325,679)	-	4,211,722	(6,478)	-	12,846,273
Comprehensive income/(loss)							
Loss for the year	-	(14,335,100)	-	-	-	7,452	(14,327,648)
Exchange differences on translating foreign operations	-	1,098	-	-	(980)	-	118
Total comprehensive income/(loss) for the year	-	(14,334,002)	-	-	(980)	7,452	(14,327,530)
Transactions with owners in their capacity as owners							
Shares issued during the year	4,453,343	-	-	-	-	-	4,453,343
Share issue costs	(245,903)	-	-	-	-	-	(245,903)
Transfer balance of share option reserve on exercise of options	119,984	-	-	(119,984)	-	-	-
Options issue costs	-	-	-	(575)	-	-	(575)
Equity-settled share-based payments	-	-	-	378,563	-	-	378,563
Balance at 30 June 2022	64,294,132	(65,659,681)	-	4,469,726	(7,458)	7,452	3,104,171
Balance at 1 July 2022	64,294,132	(65,659,681)	-	4,469,726	(7,458)	7,452	3,104,171
Comprehensive loss							
Loss for the year	-	(11,154,179)	-	-	-	(2,157)	(11,156,336)
Exchange differences on translating foreign operations	-	890	-	-	-	-	890
Total comprehensive loss for the year	-	(11,153,289)	-	-	-	(2,157)	(11,155,446)
Transactions with owners in their capacity as owners							
Shares issued during the year	13,824,721	-	-	-	-	-	13,824,721
Share issue costs	(962,919)	-	-	-	-	-	(962,919)
Transfer balance of share option reserve on exercise of options	-	-	-	-	-	-	-
Options issue costs	-	-	-	(70)	-	-	(70)
Equity settled share-based payments	-	-	-	377,747	-	-	377,747
Option premium on issue of convertible notes	-	-	937,258	-	-	-	937,258
Balance at 30 June 2023	77,155,934	(76,812,970)	937,258	4,847,403	(7,458)	5,295	6,125,462

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	6	917,701	4,001,610
Interest received		13,571	1,987
Grants and rebates received		2,085,929	1,819,178
Other income		22,978	42,281
Payments to suppliers and employees	6	(10,480,799)	(15,144,277)
Interest and other costs of finance paid		(19,122)	(22,439)
Income tax paid		(20,622)	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(7,480,364)	(9,301,660)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of assets held for sale		61,688	-
Payments for plant and equipment		(5,005)	(93,463)
Payment for the acquisition of intangibles		(2,876,524)	(4,451,679)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2,819,841)	(4,545,142)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings net of transaction costs		2,735,864	5,748,906
Repayment of borrowings		(1,415,178)	(1,508,529)
Proceeds from share and option issues		11,384,330	2,986,700
Share raising costs		(556,149)	(246,477)
NET CASH FLOWS FROM FINANCING ACTIVITIES		12,148,867	6,980,600
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		1,848,662	(6,866,202)
Cash and cash equivalents at beginning of the financial year		441,525	7,276,355
Effect of foreign exchange rate changes		29,914	31,372
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		2,320,101	441,525

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 or **Company** 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. While the financial statements are headed with the legal acquirer, Nuheara Limited, the consolidated financial statements presented are a continuation of those of the accounting acquirer, Nuheara IP Pty Ltd.

Nuheara Limited or **Listed Entity** 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 consolidated 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

Basis of preparation

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 year ended 30 June 2022 and any public announcements made by Nuheara Limited, during the reporting period, in accordance with the continuous disclosure requirements of the ASX listing rules.

Going Concern

For the year ended 30 June 2023 the Group has incurred a loss of \$11,154,179 and incurred net operating cash outflows of \$7,480,364. As disclosed in Events Occurring After Balance Date the Group received \$880,000 in August 2023 being the balance of receipts from the capital raise announced on 6 June 2023. In addition, the Group at 30 June 2023 had within other receivables \$1,386,027, being the amount expected to be received for its R&D tax rebate for the 2023 financial year. The Directors remain committed to the long-term business plan and do expect that the Group may require additional funding to provide the required working capital and headroom to deliver its growth 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:

- The Group is now manufacturing and selling its new OTC approved HP Hearing Pro hearing aid device to its retail sales partners and is materially increasing the number of points-of-sales with these partners in coming months which it expects to help drive increased revenue and cash receipts;
- The Group has a strong historic record of raising funds and has recently attracted strong investor support, including from a number of large institutions and a key strategic investor; and
- Active management of the current level of discretionary expenditure in line with the funds available to the Group.

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.

2. SEGMENT INFORMATION

Operating segments

Nuheara Limited, Nuheara IP Pty Ltd, Nuheara Inc, Nuheara (UK) Ltd, Nuheara (Canada) Inc and Nuheara NL B.V, 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.

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3. ISSUED CAPITAL	2023 \$	2022 \$
(i) Issued and Paid Up Capital:		
197,069,884 Ordinary shares, fully paid (2022: 103,198,611)	77,155,934	64,294,132
(ii) Movements during the period	Number of Shares 2023	2023 \$
Opening Balance at 1 July 2022	103,198,611	64,294,132
2 July 2022 – balance of Share Placement proceeds	-	114,000
12 July 2022 shares issued under Salary Sacrifice Share Plan (Directors) @ \$0.6863	37,548	25,771
12 July 2022 shares issued under Salary Sacrifice Share Plan (Directors) @ \$0.4226	60,982	25,771
12 July 2022 shares issued under Salary Sacrifice Share Plan (Directors) @ \$0.2985	83,022	24,785
12 July 2022 shares issued under Salary Sacrifice Share Plan (Directors) @ \$0.1876	104,222	19,555
12 July 2022 shares issued under Salary Sacrifice Share Plan (Directors) @ \$0.1376	42,110	5,793
12 July 2022 - shares issued by way of share placement @ \$0.12	14,166,667	1,700,000
12 July 2022 – shares issued by way of conversion under Convertible Note funding agreement @ \$0.105	1,904,762	200,000
26 July 2022 – purchase of 9,800,000 initial Placements @ \$0.105	-	51,450
26 July 2022 - shares issued by way of conversion under Convertible Note funding agreement at \$0.105	11,142,857	1,170,000
27 July 2022 - shares issued by way of conversion under Convertible Note funding agreement at \$0.11	6,454,545	710,000
30 December 2022 - shares issued by way of share placement @ \$0.18	16,807,781	3,025,401
13 March 2023 - shares issued by way of share placement @ \$0.17	17,491,049	2,973,478
12 June 2023 shares issued under Salary Sacrifice Share Plan (Directors) @ \$0.1979	180,498	35,721
12 June 2023 – shares issued under Employee Share Plan @ \$0.17	510,551	86,794
12 June 2023 – shares issued under Employee Share Plan @ \$0.388	62,942	24,421
12 June 2023 – shares issued for conversion of accrued interest payable under Convertible Note agreement @\$0.237	50,864	12,055
12 June 2023 – shares issued for conversion of accrued interest payable under Convertible Note agreement @\$0.225	224,049	50,411
12 June 2023 – shares issued for conversion of accrued interest payable under Convertible Note agreement @\$0.182	270,962	49,315
12 June 2023 - shares issued by way of share placement @ \$0.145	24,275,862	3,520,000
Less: Share issue costs	-	(962,919)
Closing balance as at 30 June 2023	197,069,884	77,155,934

(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.

4. SHARE OPTION RESERVE

(i) Unquoted options:

8,216,520 unquoted options (2022: 4,391,283)

2023	2022
\$	\$
4,847,403	4,469,726

(ii) Movements during the period

Balance unquoted options at 1 July 2022

12 June 2023– issue of employee options @ \$0.182

12 June 2023– issue of broker options @ \$0.270

12 June 2023– issue of broker options @ \$0.255

Less: Options exercised/forfeited/cancelled

Movement in valuation of options issued

Less: Option issue costs

Balance unquoted options at 30 June 2023

2023	2022
No.	\$
4,391,283	4,469,726
375,000	-
2,118,612	-
2,004,459	-
(672,834)	-
-	377,747
-	(70)
8,216,520	4,847,403

5. EARNINGS PER SHARE

Basic loss per share (cents per share)

Diluted loss per share (cents per share)

2023	2022
Cents	Cents
(7.41)	(15.56)
(7.41)	(15.56)

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

2023	2022
\$	\$
(11,154,179)	(14,335,100)

Weighted average number of ordinary shares – basic loss per share

2023	2022
No.	No.
150,430,019	92,112,710

The diluted loss per share is the same as the basic loss per share as the potential ordinary shares of the Company are not considered dilutive.

6. OPERATING CASH FLOW

During the year ended 30 June 2023 the Group received some payments from its retailer customers for products sold which were paid via credit notes against marketing amounts incurred with the same customers. The Statement of Cash Flows is prepared on gross cash flow basis and therefore these amounts, totalling \$685,000, are excluded from Receipts from customers and from Payments to suppliers and employees within operating cash flows.