

## 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 September 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	212	212
1.2 Payments for		
(a) research and development <sup>(1)</sup>	(35)	(35)
(b) product manufacturing and operating costs <sup>(2)</sup>	(457)	(457)
(c) advertising and marketing	(497)	(497)
(d) leased assets	-	-
(e) staff costs	(619)	(619)
(f) administration and corporate costs	(463)	(463)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(3)	(3)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	1	1
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,857)</b>	<b>(1,857)</b>

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 and manufacture of Hearing Aid products.

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) Entities	-	-
(b) Businesses	-	-
(c) property, plant and equipment	(323)	(323)
(d) investments	-	-
(e) intellectual property <sup>(1)</sup>	(639)	(639)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments (held for sale)	-	-
(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(962)</b>	<b>(962)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	880	880
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(63)	(63)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(60)	(60)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>757</b>	<b>757</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,320	2,320
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,857)	(1,857)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(962)	(962)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	757	757
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>258</b>	<b>258</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	105	2,167
5.2	Call deposits	153	153
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>258</b>	<b>2,320</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	143
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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

**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.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	2,605	2,605
	-	-
	-	-
	<b>2,605</b>	<b>2,605</b>

**7.5 Unused financing facilities available at quarter end**

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- 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.
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**Convertible Note**

Lender: Realtek Semiconductor Corporation (Realtek)

Subscription: 2,500,000 convertible notes each with a face value of \$1.00. Issued under the Company's Listing Rule 7.1 placement capacity

Amount: \$2.5 million

Maturity Date: 07/09/2024

Conversion Price: \$0.16

Conversion:

- (a) Convertible (in whole or part) by Realtek at any time prior to the Maturity Date.
- (b) Converted into such number of shares as is determined by dividing the conversion amount by the Conversion Price.

Interest: 8% pa payable quarterly either (at Realtek's election):

- (a) in cash; or
- (b) converted into such number of shares as is determined by the amount of accrued interest payable divided by the Interest 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.

Security:

- (a) Following shareholder approval under Listing Rule 10.1, the Company granted a first ranking security interest over all of its assets to Realtek (Security Interest) to secure payment of the outstanding amount and any accrued interest owed to Realtek (Outstanding Amount).

**Insurance Premium Funding**

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

Lender: Elantis Premium Funding

Date: 28/02/2023

Amount: \$97,980

Interest: 5.2% flat rate of interest

Term: 10 months

Lender: Elantis Premium Funding

Date: 30/5/2023

Amount: \$137,945

Interest: 5.2% flat rate of interest

Term: 10 months

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,857)
8.2	Cash and cash equivalents at quarter end (item 4.6)	258
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (Item 8.2 + item 8.3)	258
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	0.1

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.

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

8.6

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: No.

As the Company has significantly expanded its US retail distribution channels to over 4,900 points of sale (including Walmart, Best Buy and Target), it anticipates a material increase in cash receipts in future financial periods as the nascent USA OTC hearing aid market grows and drives sales for Nuheara's US FDA approved medical device OTC hearing aids.

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 10 October 2023 the Company announced that it was undertaking a capital raising to support expansion with US retailers via a pro rata accelerated non-renounceable entitlement offer to raise approximately \$10.0 million (before costs) if fully subscribed.

On 12 October 2023, the Company announced the successful completion of the Institutional component of this entitlement offer, with full take-up of institutional entitlements that had been accelerated raising approximately \$2.5 million. Settlement of these funds occurred on 17 October 2023.

The Retail component of the entitlement offer, which can raise up to \$7.5 million, opened on 17 October 2023 and will close on 6 November 2023.

Following completion of the Retail component of the entitlement offer, the Company reserves the right to place any Shortfall for a period of 90 days post the closing date of the offer.

The Company also expects to receive approximately \$1.39 million during Q2 FY24 in relation to its R&D tax rebate for the 2023 financial year.

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.

As the Company has significantly expanded its US retail distribution channels to over 4,900 points of sale (including Walmart, Best Buy and Target), it anticipates a material increase in cash receipts in future financial periods as the nascent USA OTC hearing aid market grows and drives sales for Nuheara's US FDA approved medical device OTC hearing aids.

*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: 31 October 2023

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.