

Nuheara's Strategic Review is ongoing, including discussions with potential M&A partners

Quarterly activities report for the 3 months ended 31 March 2024 (Q3 FY24)

HIGHLIGHTS

- As announced on 9 April 2024, the Board is undertaking a Strategic Review, with M&A considered the most appropriate strategy for the next phase of its evolution
- The Strategic Review is ongoing with the process including early-stage discussions with potential M&A partners
- Post quarter-end, the Company raised \$1.85 million in additional equity capital via a placement of shares to shareholders to support the completion of the Strategic Review

PERTH, AUSTRALIA: Nuheara Limited (ASX:NUH) (Nuheara) is pleased to present this quarterly activities report alongside its Appendix 4C for the quarter ended 31 March 2024 (Q3 FY24).

STRATEGIC REVIEW

Following the successful launch of its FDA-approved OTC hearing aid; the securing of a substantial US retail footprint; and the imminent completion of its next generation product, the Company is now positioned to evolve to its next phase. This phase will require significant levels of sales and marketing investment, including in expanded internal resources and capabilities. It is the Board's view that M&A will be required to achieve this evolution, given the Company's current resources and capital.

Accordingly, the Board, as announced on 9 April 2024, is undertaking a Strategic Review. As part of this process the business is shifting its strategy and will therefore be restructuring its investment levels, including limiting new production and marketing spend, with a prioritisation on the completion of the new chip development with Realtek and the next generation of HP Hearing PRO product. While this reduced investment will limit sales and revenue of current generation product, it reduces the level of additional external capital expected to be required to complete the Strategic Review process.

The Strategic Review is ongoing, including early-stage discussions with potential M&A partners. Azure Capital Pty Ltd is advising the Company with the Strategic Review.

CAPITAL RAISE

On 12 April 2024 the Company raised \$1.85 million in additional capital via a Placement of shares to shareholders to support the completion of the Strategic Review. The Placement, majority supported by current Nuheara shareholders, resulted in 30,838,873 million shares being issued, with participating investors also receiving one (1) free attaching option for each three (3) new shares subscribed for. The 10,279,624 options have an exercise price of \$0.11 per option and a 90-day expiration date from date of issue.

Q3 FY24 CASH FLOW REPORT

CASH RECIEPTS

With the quarter's focus predominantly being on the initial launch in Nuheara's expanded US retail store footprint, cash receipts from customers remained relatively low at \$279k. A significant milestone in the quarter was the completion of the Walmart display deployment in March 2024 with HP Hearing PRO now available across 4,280 stores nationwide in the USA.

CASH EXPENSES

Product manufacturing and operating costs

As noted above the shift in strategy for the business means the business has reduced its investment levels in new production of its current generation product. Therefore, only \$19k of cash payments were incurred during Q3 FY24 in product manufacturing and operating costs.

Advertising and marketing

Advertising and marketing spend in Q3 FY24 was \$247k. This was primarily incurred with retail partners to support the completion of the rollout of HP Hearing PRO at their stores.

Cash flows from investing activities

Research expenditure that is directly attributable to development activities is capitalised as an intangible asset under Australian Accounting Standards. As a result, expenditure of \$626k was capitalised in Q3 FY24 and is shown as "Payments to Acquire Intellectual Property" at item 2.1(e). Expenditure is mainly attributable to work on Nuheara's next generation product.

This brings the Company's total next generation product investment to almost \$6 million by 31 March 2024.

Staff costs

Consistent with R&D expenditure noted above, employment expenses related to employees working on R&D activities are capitalised as an intangible asset under Australian Accounting Standards. Staff costs also include 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). Staff cash costs included within cash flows from operating activities of \$613k were incurred in Q1 FY24.

Administration and corporate costs

Administrative and corporate cash payments during Q3 FY24 totalled \$103k.

Payments to related parties

Payments to related parties in Q3 FY24 were \$91k, which related to fees paid to non-executive directors and the executive director's cost of payroll for the period.

-ENDS-

AUTHORISED BY:

Justin Miller
Managing Director and CEO
Nuheara Limited

INVESTORS:

Danny Younis, Automic Markets
Email: danny.younis@automicgroup.com.au
Phone: + 61 420 293 042

ABOUT NUHEARA

Nuheara is a medical device company with smart hearing technology, designed to change people's lives by enhancing the power to hear. As a global pioneer in Hearable products, Nuheara has developed proprietary, multi-functional, personalised intelligent hearing devices that augments a person's hearing. Nuheara is headquartered in Perth, Australia and was the first consumer wearables technology company to be listed on the Australian Stock Exchange (ASX).

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 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/>.