

ASX MARKET RELEASE

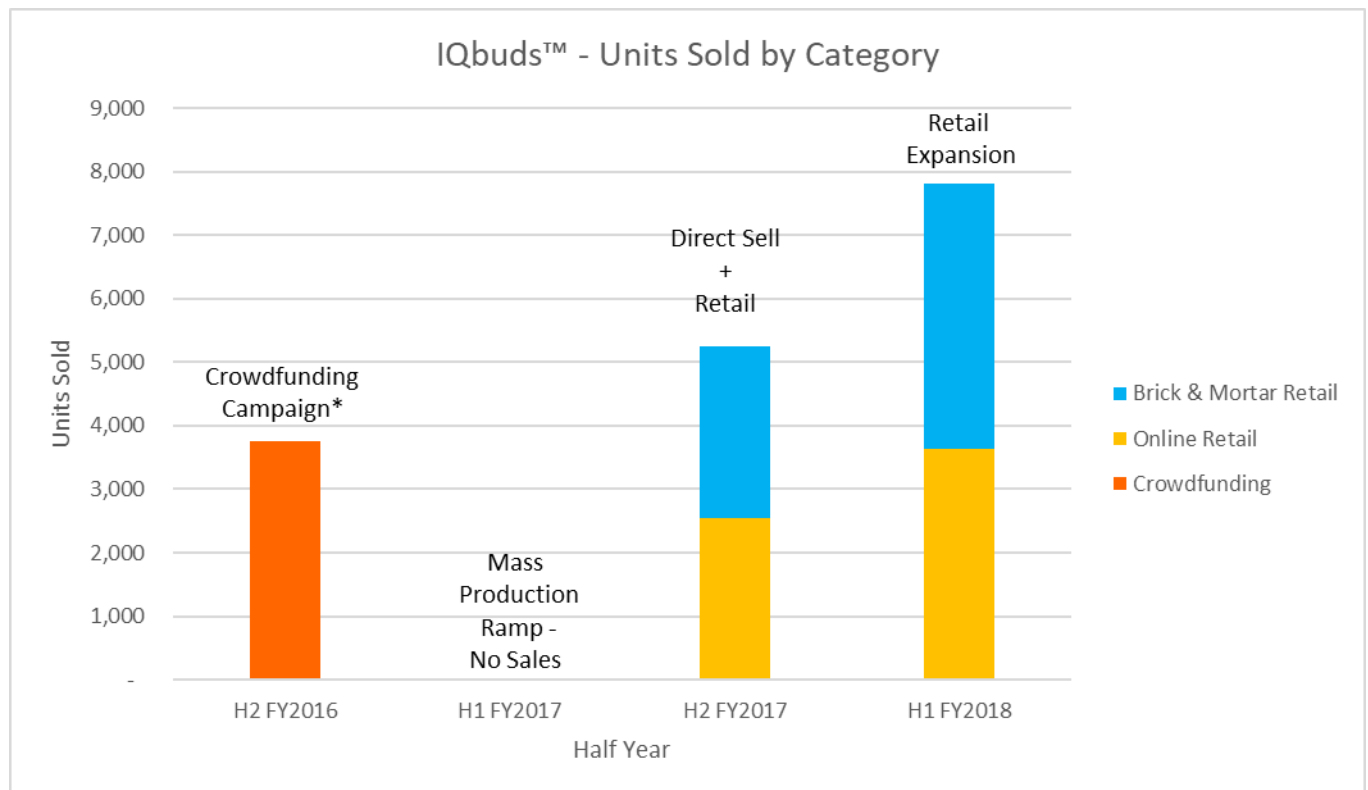
Nuheara reports strong growth for H1 FY18

21 February 2018 – Perth, Australia

Nuheara Limited (**ASX: NUH**) ("Company" or "Nuheara") has announced its interim financial results for the half-year ended December 31, 2017 (H1 FY18). The company is pleased to report strong sales growth and has identified the following key highlights for the period:

- Record half year revenue (net of sales returns) of \$1.96 m
- 7,797 units sold (net of returns) representing 49% growth on H2 FY17 sales of 5,242 units (excludes 3,768 crowdfunded units)
- Significant Gross Profit Margin improvement from H2 FY17
- Cost of Goods Sold improves with a 40% reduction in COGS from H2 FY17
- Retail expansion and new product development provides robust outlook for H2 FY18

IQbuds™ continue strong sales growth trajectory



*Crowdfunding campaign revenue was recognised post manufacture with units invoiced/shipped during H2 FY2017

Nuheara experienced strong growth for the reporting period with unit sales up 49% on H2 FY17. Online unit sales were up 43% and Brick & Mortar (B&M) retail sales were up 55%.

However, of some detriment to the overall sales for the period, was the slower than expected onboarding of new retailers in Europe and the Middle East. In addition to many B&M retail stores, this also included new online stores such as Amazon in UK, Germany, Italy, Spain, France & Benelux which were only brought online in December 2017. Importantly, over the course of H1 FY18, the Company has built a significant global retail presence that has laid a solid foundation from which it can further sales opportunities in both B&M and online sales stores.

Gross Profit Margin Improvement & Reduction in Cost of Goods Sold (COGS)

Within six months the Company has successfully turned a -26% Gross Profit (GP) Margin in H2 FY17 to a +27% GP Margin in H1 FY18. This is largely due to the increase in scale and performance of later stage production runs. The Company aims to increase future GP margins through:

- obtaining additional production and logistics efficiencies,
- limiting of discounting that was used throughout Black Friday/Cyber Monday, Christmas & Boxing Day promotions,
- the release of additional products.

According to CSI Markets, as at December 2017 on a trailing 12-month basis, the consumer electronics industry's average company gross margin was 35%.

Manufacturing efficiencies also played a significant role in the reduction of the COGS by 40%. Of most significance was a 60% reduction in the shipping costs per unit.

Key Financial Results

Summary P&L	H1 FY18 \$m	H1 FY17 \$m	Change %
Revenue	1.96	-	
Other Income	0.05	-	
Total Income	2.01	-	
Cost of Sales	(1.43)	-	
Operating Expenses	(4.04)	(1.49)	(171%)
Research & Development	(0.52)	(0.11)	(372%)
Other Expenses	(0.29)	(0.10)	(190%)
Loss before income tax	(4.27)	(1.70)	(151%)

Commenting on the H1 FY18 results, Nuheara CEO Justin Miller said, "This result is a real milestone for our Company that has importance beyond the fantastic sales growth we experienced. The cost efficiencies we were able to achieve in manufacturing and logistics are just as important to the long-term viability of any business. As such, our growth in sales, reduction in COGS and the increase in GP margins, are all very positive signs for a rapidly maturing business."

"Over the past 6 months, the Company has invested heavily in building our brand, sales channel, marketing, digital assets and the development of two new products. These investments will provide considerable ongoing benefit to Nuheara and as we continue to address a very large target market."

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About Nuheara

Nuheara is a global leader in Intelligent Hearing: smart personal hearing devices that enhance and amplify human experiences. Nuheara has developed proprietary and multi-functional intelligent hearing technology that augments a person's hearing and facilitates cable free connection to smart devices. Nuheara is based in Perth, Australia and has offices in San Francisco and New York, USA. Nuheara 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 and connect hands free with their voice-enabled smart devices. IQbuds™ are now sold in major consumer electronics retailers and professional hearing clinics around the world. The Company's mission is to improve people's lives by allowing them to seamlessly listen, communicate, and connect to their physical and digital worlds.

Learn more about Nuheara: www.nuheara.com.