

ASX MARKET RELEASE

\$2.5 Million Capital Raising to Continue Strong Sales Growth

4 May 2020 – Perth, Australia

HIGHLIGHTS

- Nuheara to undertake a \$2.5 Million Share Purchase Plan (SPP)
- Canaccord Genuity to underwrite \$1.5 Million of the SPP
- The funds raised under the SPP will be utilised to continue to drive the strong recent sales growth of the Company, specifically:
 - Build and extend on the four consecutive quarters of growth in Nuheara’s Direct To Consumer (DTC) online sales through North America, UK and Europe via continued investment in advertising in these regions to support digital campaigns and related marketing initiatives.
 - Increase inventory levels with Nuheara’s contract manufacturer to ensure adequate product levels are maintained to support the continued expansion of DTC sales.
- Nuheara is further benefiting from its unique online sales process, including proprietary online hearing education, assessments and personalisation, in the current COVID-19 environment with consultations not possible.

Nuheara Limited (**ASX: NUH**) (**Company** or **Nuheara**), is pleased to announce a \$2.5 Million capital raise by way of Share Purchase Plan (SPP) to existing eligible shareholders.

Canaccord Genuity (Australia) Limited has underwritten \$1.5 Million of the SPP. A summary of the underwriting agreement is attached in Annexure A.

The funds will be used to further drive the four consecutive quarters of growth Nuheara’s Direct to Consumer (DTC) online sales platform has achieved. The Nuheara DTC model is proving to be a critical global alternative as traditional hearing clinics and retailers shutter around the world with the advent of COVID-19 crisis. 76% of all orders from the March 2020 quarter have been placed by international (non-Australian) customers and of those, 68% are from the US.

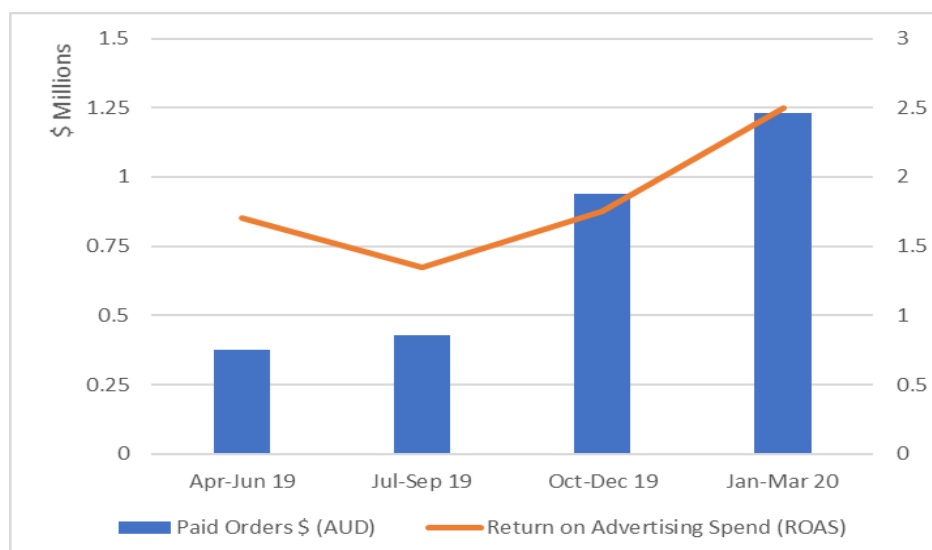


Figure 1: Historical Nuheara DTC paid orders and ROAS

“The DTC sales momentum that we have worked so hard to establish and grow is now flourishing. We continue to increase sales in a COVID-19 economy where the US and the UK remain our largest markets,” said Nuheara CEO Justin Miller.

“The additional funds will be used to build our global DTC sales through an improving Return on Advertising Spend (ROAS) and to bolster our Inventory of the newly released IQbuds² MAX. With this award-winning new product and our unique ability to globally reach hearing customers in their home, the funds will place us in a stronger financial position to maximise and take advantage of the DTC sales opportunity over the next two to three quarters.

“We are delighted to not only secure Canaccord Genuity’s backing on the capital raise but to also offer our loyal base of supportive shareholders the first right of access to this placement.”

Under the SPP, existing eligible shareholders who were registered as holders of shares in the Company at 5.00pm (Perth time) on Friday 1 May 2020 (**Record Date**) and whose registered address is in Australia or New Zealand (**Eligible Shareholders**), can apply for up to \$30,000 worth of new shares (with a minimum application of \$2,000) in the Company at a price that will be determined by a 20% discount to the 5 day VWAP prior to the issue date. The new shares to be issued under the SPP to eligible shareholders will be issued under ASX Listing Rule 7.2 (exception 5). Any new shares to be issued to the underwriter, Canaccord Genuity (Australia) Limited, will be issued under the Company’s available ASX Listing Rule 7.1 and 7.1A placement capacity.

Indicative SPP Timetable

Record Date for Share Purchase Plan	5.00pm (WST) on Friday, 1 May 2020
Announce Share Purchase Plan	Monday, 4 May 2020
Dispatch Share Purchase Plan booklet to shareholders and release Offer Letter on the ASX	Wednesday, 6 May 2020
Opening date for Share Purchase Plan	Wednesday, 6 May 2020
Closing date for Share Purchase Plan	5.00pm (WST) on Wednesday, 27 May 2020
Announcement of result of Share Purchase Plan	Monday, 1 June 2020
Announcement of issue price of new Shares	Monday, 1 June 2020
Issue of new Shares under the Share Purchase Plan, Lodge Appendix 2A	Monday, 1 June 2020
Quotation on ASX of new Shares under the Share Purchase Plan	Tuesday, 2 June 2020

These dates are indicative only. The Company may vary the dates and times of the Offer, except for the Record Date, without notice.

Full details of the SPP and the final timetable will be set out in the SPP offer document which will be despatched to Eligible Shareholders on or around Wednesday, 6 May 2020.

This announcement has been approved for release by the Nuheara Managing Director Mr Justin Miller.

-ENDS-

CONTACTS

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ABOUT NUHEARA

Nuheara is a global leader in smart personal hearing devices which change people's lives by enhancing the power to hear. 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 an office in 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. Nuheara products are now sold in major consumer electronics retailers, professional hearing clinics and optical chains around the world.

The Company's mission is to transform the way people hear by creating smart hearing solutions that are both accessible and affordable.

Learn more about Nuheara: www.nuheara.com

ANNEXURE – SUMMARY OF UNDERWRITING AGREEMENT

By an agreement between Canaccord Genuity (Australia) Limited (**Underwriter**) and the Company (**Underwriting Agreement**), the Underwriter agreed to conditionally underwrite the Offer up to an amount of \$1,500,000 (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter a management fee of 2% of the proceeds from the Offer plus an underwriting fee of 4% of the proceeds of the Offer. In addition, the Company will also issue the Underwriter 3,750,000 options exercisable at a price equal to 150% of the final price that the Shares under the Offer are issued on or before the date that is 3 years from the date of issue of those options.

The Agreement is conditional upon:

- (a) the Company prepares a Share Purchase Plan and Offer Document that fully complies with all relevant aspects of the Corporations Act (including ASIC Regulatory Guides and ASIC Class Orders), the ASX Listing Rules and the Constitution of the Company;
- (b) the Company obtains before 9:00am on the Announcement Date, in a form and substance satisfactory to the Underwriter, all approvals, consents, modifications or waivers of or from ASIC, ASX or any other Government Agency that are necessary to implement the Offer in accordance with this agreement (including the Timetable);
- (c) the Issuer issuing and releasing to ASX the ASX Materials in a form acceptable to the Underwriter prior to 10.00am on the Announcement Date;

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) a certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished by the time specified or any statement in a certificate is untrue, inaccurate, incomplete or misleading or deceptive in any material respect; or
- (b) the S&P/ASX Small Ordinaries Index is at any time from and including the date of the Underwriting Agreement and prior to the close of trading of Shares on the ASX on the Settlement Date lower than 92.5% of the level of that index as at the close of normal trading on ASX on either the Business Day immediately preceding the date of the Underwriting Agreement or the date of the Underwriting Agreement;
- (c) either:
 - (i) an application is made by ASIC for an order under Part 9.5 in relation to the Offer or the Offer Documents;
 - (ii) ASIC issues or threatens to issue proceedings in relation to the Offer, or commences any hearing, inquiry or investigation in relation to the Offer; or
 - (iii) ASIC commences or gives notice of an intention to commence a prosecution of the Issuer or investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer or the Offer Documents;
- (d) any regulatory body withdraws, revokes or amends any regulatory approval or there is an application to a government agency for an order, declaration or other remedy, or a government agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Offer (or any part of it) or any agreement entered into in respect of the Offer (or any part of it);

- (e) ASX makes an official statement to any person, or indicates to the Company or the Underwriter (whether or not by official statement) that:
 - (i) official quotation of all of the Offer Shares will not be granted by ASX or will be granted subject to conditions that are not reasonably acceptable to the Underwriter or such approvals will not be given by the Trading Date (or such later date agreed in writing by the Underwriter in its absolute discretion) or is withdrawn, qualified or withheld on or before the Trading Date;
 - (ii) any Shares of the Company will be suspended from quotation by the ASX; or
 - (iii) the Company will be removed from the official list of the ASX,or any of the matters, events or things referred it in (i) to (iii) occur;
- (f) a new circumstance that would be adverse from the point of view of an investor arises that would have been required to be disclosed in the Offer Documents had it arisen before the Offer Documents were lodged with ASX;
- (g) the Company is or becomes required to obtain the approval of any class of security holder pursuant to the Listing Rules, the Act or any other applicable law in order to issue the Offer Shares;
- (h) the Company information includes:
 - (i) a statement which is or becomes misleading or deceptive or likely to mislead or deceive; or
 - (ii) any forecasts, expressions of opinion, intention or expectation which are not based on reasonable grounds;
- (i) there is an alteration to the Company's capital structure or Constitution, without the prior consent of the Underwriter or as otherwise provided in this agreement, or a breach of the Constitution occurs;
- (j) the Company commits a material breach of the Corporations Act, Listing Rules, the Constitution, or other applicable laws, or has failed to comply with its continuous disclosure obligations or its Constitution;
- (k) any of the following occurs:
 - (i) a director or officer (as that term is defined in the Corporations Act) of the Company is charged with an indictable offence;
 - (ii) any administrative, regulatory, self-regulating body, court or other judicial body commences any public action against any such person in their capacity as such in relation to any fraudulent conduct or activity whether or not in connection with the Offer or the Issuer engages in fraudulent activity; or
 - (iii) any director of the Company is disqualified from managing a corporation under the Corporations Act;
- (l) the Company withdraws the Offer, or it does not proceed in accordance with this agreement;
- (m) any member of the Company group (**Group**) becomes Insolvent or there is an act or omission which is reasonably likely to result in any member of the Group becoming Insolvent;

- (n) any material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Issuer, or the Group including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Issuer, and the Group from those respectively disclosed in the ASX Materials or any adverse information arises or is released to ASX after the date of the Underwriting Agreement that can reasonably be expected to have a material adverse effect on the market price of the Shares;
- (o) any event specified in the Timetable is delayed for 2 or more Business Days without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
- (p) the Due Diligence Questionnaire or any other information supplied by or on behalf of the Company to the Underwriter in relation to the Group, the Offer or the Offer Documents is or becomes misleading or deceptive, including by way of omission;
- (q) there is:
 - (i) a suspension or material limitation in trading in securities on ASX, the New York Stock Exchange, NASDAQ, the London Stock Exchange or the Hong Kong Stock Exchange or any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Japan, Hong Kong, the Republic of China, the United Kingdom, the United States of America, a member state of the European Union or the international financial markets; or
 - (ii) a general moratorium on commercial banking activities is declared by the relevant central banking authority in any of those countries;
- (r) there is introduced into the Parliament of Australia or any State of Australia, a law or prospective law, or any new regulation is made under any statute, or a Government Agency adopts a policy, or there is any announcement that such a law, prospective law or regulation may be introduced or policy may be adopted (except where such law is announced or generally known to the market prior to the date of this agreement), any of which does or is likely to prohibit or restrict the Offer;
- (s) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of the United States, Australia, New Zealand, the United Kingdom, France, Germany, Russia, North Korea, South Korea, China, Japan or a member state of the European Union or the declaration by any of these countries of a national emergency or war or a major terrorist act is perpetrated in any of these countries;
- (t) a representation, warranty or undertaking made or given by the Company under the Underwriting Agreement proves to be or becomes, untrue or incorrect;
- (u) the Issuer fails to perform or observe any of its obligations or breaches any term or condition under the Underwriting Agreement;
- (v) legal proceedings against the Company, any other Group member or against any director of the Company or any other Group member in that capacity is commenced or any regulatory body commences any enquiry or public action against a Group member;
- (w) any Intellectual Property Right, licence, permit, authorisation or consent held by any Group member that is necessary to conduct its business is revoked, withdrawn, rescinded, breached, terminated, altered or amended (other than with the consent of the Underwriter);

- (x) a change in the senior management of the Company or in the board of directors of the Company is announced or occurs, other than one which has already been disclosed to ASX before the date of the Underwriting Agreement;
- (y) there is an event or occurrence, including any statute, order, rule, regulation, directive or request compliance with which is in accordance with the general practice of persons to whom the request is addressed of any governmental agency which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement, or to market or promote the Offer or subscribe for Underwritten Securities; or
- (z) the Company issues a public statement concerning the Offer which has not been approved by the Underwriter in breach of the Underwriting Agreement.

The Underwriting Agreement otherwise contains undertakings and provisions in relation to the conduct of the Offer and other provisions consistent with an underwriting agreement of this nature.