

ASX MARKET RELEASE

Nuheara Appendix 4E Preliminary Final Report

30 August 2019 – Perth, Australia

Nuheara Limited (**ASX: NUH**) (**Company or Nuheara**), today lodged its Appendix 4E Report for the fiscal year ending 30 June 2019.

Nuheara's total revenue from ordinary activities for the fiscal year ending 30 June 2019 was \$4,481,405, a decrease of 14 per cent compared to the previous fiscal year (FY2018: \$5,251,960). Net loss after tax was \$10,027,238 (FY2018: \$7,416,412) of which major allocations were attributable to staff growth, Research and Development, new hardware and software products, and infrastructure to support a new sales channel of hearing healthcare.

Nuheara's cash position at the end of the fiscal year was \$3,220,079. This did not include a successful \$4million capital raise (before costs) completed in July 2019 or proceeds from the sale of the Company's Southern Peru mining assets for circa \$371,615 (US\$250,000). Nuheara has no outstanding debt.

During the fiscal year, Nuheara repositioned its product range to be strategically aligned to the hearing healthcare market that supports its high end features, software support and premium price point relative to consumer oriented hearing products. As a result of this repositioning, the Company commenced investment in evaluating and developing appropriate sales channels to the healthcare market. Accordingly, FY2019 has seen new targeted sales trials led by optical, specialised electronics providers and a growing base of independent audiologists. Furthermore, the Company also launched its own online Direct-To-Customer (DTC) sales platform that has quickly become Nuheara's fastest growing sales channel.

The Company's focus on high-end hearing solutions and more specialist sales channels, in preference to generic consumer electronics retailers, has been highlighted by an increase in the FY2019 Average Selling Price (ASP) of IQbuds products to \$362 (FY2018 ASP \$242).

CEO of Nuheara, Justin Miller said, "FY2019 has seen Nuheara continue to invest in product development with the release of our second generation hearing products, but more importantly, increase our investment in sales channels.

"We are at the stage in our business strategy where our focus is increasingly on our path to market. There is clearly a large unmet need for more accessible and personalised hearing solutions. Reaching these target customers through the healthcare market is an important repositioning for Nuheara that is consistent with our product functionality and pricing, and with Nuheara's longer term aspiration of sustainable mass sales."

-ENDS-

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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

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APPENDIX 4E
PRELIMINARY FINAL REPORT

1. Results for Announcement to the Market

Current reporting period: Year ended 30 June 2019
 Previous corresponding period: Year ended 30 June 2018

	Amount \$	% Change up(+)/down(-)
Revenue from ordinary activities	4,481,405	-15%
Loss from ordinary activities after tax attributable to members (from continuing operations)	(10,027,238)	+35%
Net loss for the period attributable to members	(10,027,238)	+35%

2. Dividend Information

The directors do not recommend the payment of a dividend in relation to the financial year ended 30 June 2019 (2018: Nil).

3. Net tangible assets per security

	2019 \$	2018 \$
Net tangible asset backing per ordinary share	0.005	0.01

As at 30 June 2019 the number of shares on issue was 982,210,292 (30 June 2018: 891,473,723).

4. Details of joint venture entities

The Company does not have any interests in joint ventures.

5. Details of entities over which the company has control

Name of Entity	% Interest	Country of Registration	Date of gain of control
Nuheara IP Pty Ltd	100%	Australia	25 February 2016
Terrace Gold Pty Ltd	80%	Australia	25 February 2016
Wild Acre Metals (Peru) SAC	100%	Peru	25 February 2016
Nuheara, Inc	100%	USA	21 June 2016

6. Assets held for sale

Whilst the Company recognises the value in its mineral assets, the directors are also cognisant that these mining interests lie outside the company's core business activities. The directors have determined that these assets will be divested and, accordingly, they have been treated as a disposal group as at balance date. After year end, the mining assets held in southern Peru were sold (refer "events occurring after balance date" below).

7. Commentary on the results

It is recommended that the Appendix 4E be read in conjunction with the Company's ASX releases during the year in accordance with the continuous disclosure obligations under the ASX listing rules.

The Company achieved a net loss after tax of \$10,027,238. This compared with a net loss after tax of \$7,416,412 for the year ended 30 June 2018, a decline of 35%. The net loss after tax result represented a loss of 1.09 cents per share, compared to a loss of 0.92 cents per share last year.

Net cash outflows of \$5,125,616 were attributable to \$5,258,854 received through capital raisings and \$2,153,397 from government grants and rebates, offset by \$8,657,543 in net operating outflows, \$100,910 for the purchase of plant and equipment and \$3,806,417 for the purchase of intangible assets (capitalised development costs and trademarks).

Revenue from ordinary activities for the year was \$4,481,405. This compared with revenue of \$5,251,960 for the year ended 30 June 2018, a decrease of 15%.

In December 2018 the Company announced the successful completion of a \$5 million capital raise (before costs) to institutional and sophisticated investors. Funds raised were used to assist increased sales and marketing activities of IQbuds BOOST™ and the manufacture and development of new products including IQstream TV™ and IQbuds MAX™.

At year-end, the company held \$3,220,079 million in cash reserves.

Events occurring after balance date

Capital raising

In July 2019, the Company completed a successful \$4 million capital raise (before costs) to professional and institutional investors. Proceeds from the placement will be used to fund an increase in sales and marketing activity to support new and existing products and accessories. Nuheara believes that greater customer awareness plus targeted advertising will aid the pathways being established for future sales.

Peru mining tenements

In August 2019, the Company announced that it had entered into a Mining Concessions Transfer Agreement for the sale of its mining concessions in southern Peru. Under the transfer agreement entered with Corisur Peru SAC (“Corisur”), a subsidiary of Auryn Resources Inc. (TSX:ARG), Corisur will pay US\$250,000 for the transfer of the concessions upon recording of the Transfer Agreement with the Peruvian Public Registry.

Nuheara’s remaining portfolio of mining assets are actively being marketed for sale and the Company intends to dispose of these interests as soon as it is commercially practical to do so.

8. Audit report

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

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**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTES	2019 \$	2018 \$
Revenue		2,218,714	3,962,565
Cost of sales		(1,849,115)	(3,660,856)
Gross loss		369,599	301,709
Other income		2,262,691	1,289,395
Salaries and employee benefits		(5,943,896)	(4,509,514)
Marketing and promotional		(2,532,568)	(1,958,069)
Research and development		(1,573,372)	(247,755)
General and administrative		(2,157,092)	(2,009,044)
Share based payments		(450,513)	(283,134)
Loss before tax from continuing operations		(10,025,151)	(7,416,412)
Income tax benefit		(2,087)	-
Net loss after tax from continuing operations		(10,027,238)	(7,416,412)
Total comprehensive loss for the year		(10,027,238)	(7,416,412)
Total comprehensive loss attributable to:			
Equity holders		(10,027,238)	(7,416,412)
Total comprehensive loss		(10,027,238)	(7,416,412)
Earnings per share			
Basic loss per share (cents per share)	5	(1.09)	(0.92)
Diluted loss per share (cents per share)	5	(1.02)	(0.83)

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTES	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents		3,220,079	8,345,698
Trade and other receivables		674,458	849,035
Inventory		2,432,267	2,353,392
Disposal group – mining tenements held for sale		206,233	206,233
TOTAL CURRENT ASSETS		6,533,037	11,754,358
NON-CURRENT ASSETS			
Plant and equipment		605,957	762,526
Security deposits		3,515	32,098
Intangible assets		5,241,203	4,533,697
TOTAL NON-CURRENT ASSETS		5,850,675	5,328,321
TOTAL ASSETS		12,383,712	17,082,679
CURRENT LIABILITIES			
Trade and other payables		1,237,885	1,583,180
Income tax payable		-	-
Provisions		424,399	474,029
TOTAL CURRENT LIABILITIES		1,662,284	2,057,209
NON-CURRENT LIABILITIES			
Provisions		23,544	6,769
TOTAL NON-CURRENT LIABILITIES		23,544	6,769
TOTAL LIABILITIES		1,685,828	2,063,978
NET ASSETS		10,697,884	15,018,701
EQUITY			
Issued capital	3	38,325,527	33,038,866
Share option reserve	4	1,410,267	960,561
Foreign currency translation reserve		(6,478)	(6,478)
Accumulated losses		(29,031,432)	(18,974,248)
TOTAL EQUITY		10,697,884	15,018,701

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary Shares	Accumulated Losses	Share Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2017	17,402,898	(11,587,782)	677,427	(4,850)	6,487,693
Comprehensive Income					
Loss for the year	-	(7,416,412)	-	-	(7,416,412)
Total comprehensive loss for the year	-	(7,416,412)	-	-	(7,416,412)
Transactions with owners in their capacity as owners					
Shares issued during the year	16,620,000	-	-	-	16,620,000
Share issue costs	(984,032)	-	-	-	(984,032)
Options issued forfeited during the year	-	-	(362,329)	-	(362,329)
Movement in valuation of options issued in prior periods	-	-	645,463	-	645,463
Foreign currency translation movements	-	-	-	(1,628)	(1,628)
Balance at 30 June 2018	33,038,866	(19,004,194)	960,561	(6,478)	14,988,755
Balance at 1 July 2018	33,038,866	(19,004,194)	960,561	(6,478)	14,988,755
Comprehensive Income					
Loss for the year	-	(10,027,238)	-	-	(10,027,238)
Total comprehensive loss for the year	-	(10,027,238)	-	-	(10,027,238)
Transactions with owners in their capacity as owners					
Shares issued during the year	5,740,250	-	-	-	5,740,250
Share issue costs	(453,589)	-	-	-	(453,589)
Options issued forfeited during the year	-	-	(319,584)	-	(319,584)
Movement in valuation of options issued in prior periods	-	-	777,762	-	777,762
Option issue costs	-	-	(8,472)	-	(8,472)
Foreign currency translation movements	-	-	-	-	-
Balance at 30 June 2019	38,325,527	(29,031,432)	1,410,267	(6,478)	10,697,884

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,351,962	4,057,505
Interest received	101,357	77,880
Grants and rebates received	2,153,397	1,208,451
Payments to suppliers and employees	(11,108,775)	(11,873,017)
Interest and other costs of finance paid	-	124
Income tax paid	(2,087)	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(6,504,146)	(6,529,057)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(102,299)	(133,335)
Proceeds from the disposal of plant and equipment	1,389	10,998
Payment for the acquisition of intangibles	(3,806,417)	(4,043,428)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(3,907,327)	(4,165,765)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share and option issues	5,740,250	16,620,000
Share raising costs	(454,396)	(984,032)
NET CASH FLOWS FROM FINANCING ACTIVITIES	5,285,854	15,635,968
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD	(5,125,619)	4,941,146
Cash and cash equivalent at beginning of the financial year	8,345,698	3,404,552
Cash and cash equivalent at the end of the financial year	3,220,079	8,345,698

The accompanying notes form part of these financial statements.

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NUHEARA LIMITED
ABN 29 125 167 133

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 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.

Nuheara Limited or **Listed Entity** or **Company** 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 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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting interpretations, International Financial Reporting Standards as issued by the International Accounting Standards Board and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

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 2019 and any public announcements made by Nuheara Limited, during the reporting period, in accordance with the continuous disclosure requirements of the ASX listing rules.

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 and Nuheara Inc are operating within the consumer electronics 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.

At 30 June 2019, Wild Acre Metals (Peru) SAC held mining tenements in Peru and has been treated as a disposal group.

3. ISSUED CAPITAL
(i) Issued and Paid Up Capital:

982,210,292 (2018: 891,473,723) Ordinary shares, fully paid

2019 \$	2018 \$
38,325,527	33,038,866

(ii) Movements during the period
Opening Balance at 1 July 2017

17-26 July 2017 issue 3,000,000 shares on exercise of options at \$0.04 each

26 July 2017 issue 97,826,082 shares under share placement at \$0.092 each

14-21 March 2018 issue 30,000,000 shares on exercise of options at \$0.05 each

15 June 2018 issue 63,157,895 shares under share purchase plan at 0.095 each

Less: Share issue costs

Balance shares at 30 June 2018

2018 No.	2018 \$
697,489,746	17,402,898
3,000,000	120,000
97,826,082	9,000,000
30,000,000	1,500,000
63,157,895	6,000,000
-	(984,032)
891,473,723	33,038,866

Opening Balance at 1 July 2018

10 December 2018 issue 2,250,000 shares on exercise of options at \$0.04 each

10 December 2018 issue 66,936,667 shares under share placement at \$0.075 each

25 February 2019 issue 20,000,000 shares on exercise of options at \$0.05 each

17 April 2019 issue 322,718 shares on exercise of options at \$0.04 each

17 April 2019 issue 1,227,184 shares on exercise of options at \$0.06 each

Less: Share issue costs

Balance shares at 30 June 2019

2019 No.	2019 \$
891,473,723	33,038,866
2,250,000	90,000
66,936,667	5,020,250
20,000,000	600,000
322,718	-
1,227,184	30,000
-	(453,588)
982,210,292	38,325,528

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(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) Unlisted options:

56,000,000 (2018: 78,000,000) unlisted options

2019 \$	2018 \$
1,410,267	960,561

(ii) Movements during the period
Balance unlisted options at 30 June 2017

Issue of Employee options @ \$0.09 each on 14 July 2017
Issue of Employee options @ \$0.09 each on 24 July 2017
Issue of Employee options @ \$0.09 each on 10 November 2017
Issue of Employee options @ \$0.09 each on 12 January 2018
Issue of Employee options @ \$0.09 each on 1 March 2018
Less: Options exercised/forfeited
Movement in valuation of options issued in prior reporting periods
Balance unlisted options at 30 June 2018

2018 No.	2018 \$
107,319,445	677,427
1,000,000	3,012
3,000,000	15,667
1,000,000	2,132
1,000,000	6,352
8,000,000	37,061
(43,319,445)	(426,553)
-	645,463
78,000,000	960,561

Balance unlisted options at 30 June 2018

Issue of Employee options @ \$0.09 each on 17 September 2018
Issue of Employee options @ \$0.09 each on 10 December 2018
Issue of Employee options @ \$0.09 each on 18 March 2019
Issue of Employee options @ \$0.09 each on 17 April 2019
Less: Options exercised/forfeited
Less: Option issue costs
Movement in valuation of options issued in prior reporting periods
Balance unlisted options at 30 June 2019

2019 No.	2019 \$
78,000,000	960,561
10,500,000	32,587
1,500,000	783
6,000,000	15,430
2,500,000	5,407
(42,500,000)	(319,584)
-	(8,472)
-	723,555
56,000,000	1,410,267

5. EARNINGS PER SHARE

Basic loss per share (cents per share)
Diluted loss per share (cents per share)

2019 Cents	2018 Cents
(1.09)	(0.92)
(1.02)	(0.83)

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

2019 \$	2018 \$
(10,027,238)	(7,416,412)

Weighted average number of ordinary shares – basic loss per share
Weighted average number of ordinary shares – diluted loss per share

2019 No.	2018 No.
914,324,594	802,765,484
980,383,498	898,701,661