

QUARTERLY REPORT

For the quarter ended 30 September 2019

29 October 2019 – Perth, Australia

Nuheara Limited ([ASX: NUH](#)) ("Company" or "Nuheara"), is pleased to provide the report for the quarter ended 30 September 2019.

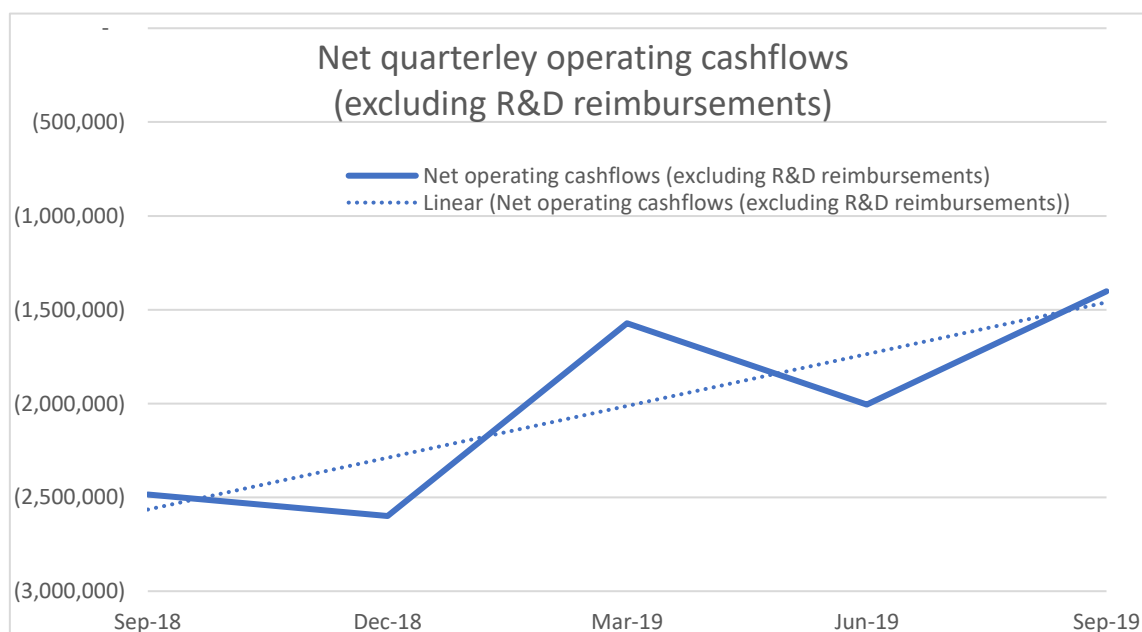
Over the course of the quarter, Nuheara has maintained a measured investment approach to sales and marketing spend; which has historically been necessary as products and accessories were developed and deployed. Accordingly, with the consultative sales process still in the trial phase with a number of global retailers, the Company's focus this quarter has been on Direct-To-Consumer (DTC) online transactions. DTC has rapidly become Nuheara's fastest growing sales channel, which in turn, has had a positive impact on cash receipts and cashflow.

Nuheara expects the DTC channel to also be the largest contributor in the December quarter, while the consultative sales process with global retailers continues to iterate on the trial phase. Nuheara continues to be satisfied with the progress and improvements seen in the consultative sales process trials, recognising that successfully transitioning from the trial phase to more widespread rollouts across store footprints has the potential to substantially step change the company's sales.

Key financial metrics for the quarter include:

- 30 September 2019 cash balance of \$4.3M, with zero debt;
- Cash receipts from customers for the quarter of \$452K, up 39% from \$325K of the preceding quarter
 - 69% of receipts were from DTC transactions;
 - 76% of all sales were IQbuds BOOST™; and
- Advertising and marketing spend of \$781K, up 52% from \$514K last quarter.

Of further significance, the Company continues to improve its quarter on quarter net operating cashflows:



Post the conclusion of the quarter ended 30 September 2019, the Company is pleased to report that cash receipts from DTC transactions have continued to improve. The Company's DTC cash receipts for the period 1 October to 25 October 2019 are \$287K; which is 64% of the total cash receipts and 92% of DTC cash receipts for the entire previous quarter.

BEST BUY CANADA PARTNERSHIP

In July, a new North American retail initiative with long term retail partner Best Buy commenced.

The retail collaboration is the first of its kind in North America and will involve Best Buy hosting 10 of the hearing kiosks within its “experience stores”. The Nuheara Hearing Kiosks comprise IQbuds BOOST™ and IQstream TV™ hardware displays, videos and live product demonstrations (including IQstream TV™), the IQconnect™ Point of Sale kiosk and dedicated co-branded employees who have undergone extensive training in the Nuheara consultative sales process.

NDIS REGISTERED SUPPLIER TO SUPPORT AUTISM

Nuheara now has anecdotal evidence to suggest that the Company’s products would support people on the autism spectrum. Accordingly, the Company has now been approved as a registered provider (Registration ID: 4-433C-4667) to Australia’s National Disability Insurance Scheme (NDIS).

Nuheara’s complete product range, which can be purchased using NDIS approved funding, will be available under the Hearing Equipment category with the intention to support people with Autism.

The NDIS product approval process can be instigated directly from Nuheara’s website via an automated quotation process for NDIS plan managers or self-managers.

According to Australian Autism peak body Amaze, Autism continues to be the largest diagnostic group within the NDIS, with 29% of all participants identifying as autistic. People with Autistic Spectrum Disorder (ASD or Autism) often show difficulties with auditory processing. Auditory Processing Disorder (APD) is a common secondary diagnosis for people with Autism.

Being listed on the NDIS places Nuheara at the centre of hearing health care beyond mild hearing loss. The Company’s multifunctional products are supporting complex conditions that now allow us to expand to a much wider market than the traditional hearing aid/device industry.

MINERAL ASSETS

During the quarter, Nuheara sold its interests in mining tenements in southern Peru for USD\$250K (AUD\$363K).

Nuheara’s remaining portfolio of mining assets consists of net smelter royalties located in Northern Peru (El Molino Gold Project and part of the El Galeno Copper Gold Project, currently owned under joint venture by China Minmetals Corporation and Jiangxi Copper) and in Western Australia (Mt Ida South/Quinns gold projects, currently owned by Alt Resources Ltd).

These interests 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.

CORPORATE INFORMATION

Directors

Justin Miller
Executive Chairman - Managing Director/CEO

David Cannington
Executive Director/ Chief Marketing Officer

Kathryn Foster
Independent Non-Executive Director

Company Secretaries

Susan Hunter - Company Secretary
Jean-Marie Rudd - Joint Company Secretary

ASX Code

NUH

Website and Email

Website: www.nuheara.com
Email: administration@nuheara.com

Registered Office

190 Aberdeen Street
Northbridge WA 6003
Phone: +61 (8) 6555 9999
Fax: +61 (8) 6555 9998

Principal Place of Business

190 Aberdeen Street
Northbridge WA 6003
Phone: +61 (8) 6555 9999
Fax: +61 (8) 6555 9998

Share Registry

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000
Phone: 1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Issued Capital

At the date of this report there were 1,062,210,292 ordinary shares and the following unquoted securities on issue:

Security	Number on issue
Unlisted Options – exercisable at 9 cents on or before 30/11/2019	10,500,000
Unlisted Options – exercisable at 11.5 cents on or before 16/2/2020	1,000,000
Unlisted Options – exercisable at 9 cents on or before 22/5/2020	3,000,000
Unlisted Options – exercisable at 7.8 cents on or before 2/11/2019	10,000,000
Unlisted Options – exercisable at 9 cents on or before 14/7/2020	500,000
Unlisted Options – exercisable at 11.5 cents on or before 24/7/2020	3,000,000
Unlisted Options – exercisable at 9 cents on or before 10/11/2020	500,000
Unlisted Options – exercisable at 9 cents on or before 1/3/2021	3,000,000
Unlisted Options – exercisable at 9 cents on or before 17/9/2021	4,000,000
Unlisted Options – exercisable at 9 cents on or before 10/12/2021	1,000,000
Unlisted Options – exercisable at 9 cents on or before 18/3/2022	6,000,000
Unlisted Options – exercisable at 9 cents on or before 17/04/2022	2,500,000

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

NUHEARA LIMITED

ABN

29 125 167 133

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	452	452
1.2 Payments for		
(a) research and development*	(98)	(98)
(b) product manufacturing and operating costs	(202)	(202)
(c) advertising and marketing	(781)	(781)
(d) leased assets	-	-
(e) staff costs*	(529)	(529)
(f) administration and corporate costs*	(608)	(608)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Proceeds from the sale of mining assets held for sale	363	363
1.9 Net cash from / (used in) operating activities	(1,400)	(1,400)

* 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(d).

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(16)	(16)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property*	(1,154)	(1,154)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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)	-	-
2.6	Net cash from / (used in) investing activities	(1,170)	(1,170)

* Comprising capitalised development costs of \$1,037k (YTD \$1,037k) and capitalised patent and trademark expenditure of \$117k (YTD \$117k).

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	4,000	4,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(325)	(325)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,675	3,675

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,220	3,220
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,400)	(1,400)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,170)	(1,170)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,675	3,675
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,325	4,325

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,540	535
5.2	Call deposits	2,785	2,685
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,325	3,220

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

216

-

Director's fees and salaries and wages paid to Directors or Director related entities.

7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8. Financing facilities available
Add notes as necessary for an understanding of the position

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

8.1 Loan facilities

-

-

8.2 Credit standby arrangements

-

-

8.3 Other (please specify)

-

-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter

\$A'000

9.1 Research and development¹

(300)

9.2 Product manufacturing and operating costs²

(500)

9.3 Advertising and marketing

(900)

9.4 Leased assets

-

9.5 Staff costs

(750)

9.6 Administration and corporate costs

(650)

9.7 Other (provide details if material)

Payments to acquire property, plant and equipment

(20)

Payments to acquire intellectual property³

(850)

9.8 Total estimated cash outflows

(3,970)

1. Excludes expenditure directly attributable to development activities that are capitalised as an intangible asset under Australian Accounting Standards (refer item 9.7 "payments to acquire intellectual property").
2. Includes advance inventory purchases
3. Expenditure on trademark registrations and development costs directly attributable to development activities that are capitalised as an intangible asset under Australian Accounting Standards

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

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.



Sign here:

Date: 29/10/2019

(Director/~~Company Secretary~~)

Print name: JUSTIN MILLER

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.