NUHEARA

ANNUAL REPORT 2022

Nuheara Limited
ABN 29 125 167 133
For year ended 30 June 2022

NUHEARA LIMITED
ABN 29 125 167 133

CORPORATE DIRECTORY

Directors

The Hon Cheryl Edwardes *AM*
Independent Non-Executive Chairman

Justin Miller
Managing Director/CEO

David Cannington
Non-Executive Director

Kathryn Giudes
Independent Non-Executive Director

David Buckingham
Independent Non-Executive Director

Company Secretaries

Susan Park – Company Secretary
Jean-Marie Rudd – Joint Company Secretary

ASX Code

NUH

Website and Email

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Email: administration@nuheara.com

Registered Office

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Principal Place of Business

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Share Registry

Computershare Investor Services Pty Limited
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Perth WA 6000
Phone: 1300 850 505 (within Australia)
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Auditors

SW Audit
Level 10, 530 Collins Street
Melbourne VIC 3000
Phone: +61 (3) 8635 1800

NUHEARA LIMITED
ABN 29 125 167 133

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NUHEARA LIMITED
ABN 29 125 167 133

CHAIRMAN'S LETTER

Dear Shareholders

On behalf of the Board of Nuheara Limited, I am pleased to present you with the Company's 2022 Annual Report.

The 2022 financial year was a year of transformation for Nuheara, successfully advancing its hearing technology and product platforms into the regulated world of medical devices. Tremendous regulatory change is rapidly occurring in the US, opening the regulated hearing market for Nuheara's hearing aid products that provides cost effective solutions to improve people's hearing and overall quality of life.

A significant milestone in the Company's medical device advancement was the successful conclusion of our clinical trial. The clinical trial was conducted in Australia on adult participants with perceived mild and moderate hearing difficulties and managed by professional clinical Audiologists and clinical researchers at the world-renowned National Acoustic Laboratories (NAL).

The trial successfully validated the hearing benefit of the Nuheara self-fitted hearing aids compared to unaided listening with benefits including:

- 30% improved speech understanding in noise with Focus
- Improved ability to follow conversations
- Ability to reduce background noise levels

The effectiveness data of the Nuheara proprietary Ear ID™ self-fitting method was also validated, as Software in a Medical Device (SiMD), through clinical and real-world data demonstrating positive outcomes as compared to the expected clinical targets that would be performed by an audiologist fit hearing aid in a clinic.

The ultimate success of the clinical trial was pivotal in allowing Nuheara to complete a US Food and Drug Administration's (FDA) 510(k) submission in April 2022 and, pending FDA clearance, now entering the US regulated hearing aid market with our world leading hearing aid products.

The decisions made by the Company to pursue the regulatory pathway were validated in August 2022 when the FDA published a landmark final ruling, establishing a regulatory category for Over-The-Counter (OTC) Hearing Aids in the United States. In a world first, and most significantly for Nuheara, the ruling allows hearing aids within the OTC category to be sold directly to consumers in retail stores or online without a medical exam or fitting by an audiologist. Access to hearing solutions in retail is something that Nuheara has been developing with its unregulated hearable products sales over the past 5 years. As such, the business is well placed to take immediate and significant advantage of the regulation changes as its 510(k) obtains approval.

This historical rule change will forever upend the hearing aid industry and unlock historical barriers to entry for the estimated 38 million Americans who experience some hearing loss. Currently in the US, hearing aids are sold at an average cost of US$4,726 per pair and can be as much as US$10,000 or more per pair through licensed audiologist and licensed hearing aid retailers. Now, with the ability for those with perceived mild to moderate hearing loss to purchase OTC, this cost could come down lower than US$1,000 per pair of hearing aids.

To facilitate our expected growth in the US, the Company opened a new operational centre in Bellevue, Washington, in March 2022 to support the sales, marketing and US customer service functions. This location is on the edge of Seattle, a major technology and medical device hub in the US. Historically more than three-quarters of Nuheara's revenue has been derived from the US. As we continue to expand our mainstream retail opportunities in that market, we must be able to properly support this growth. To that end, earlier this year Best Buy established a Hearing Solutions in-store category offering Nuheara products in 241 US stores. They later increased the number of stores by a further 50, bringing the total to 291 stores, and that's with just one US retailer. Importantly for the Company's ongoing development, these retail opportunities for growth are now being supported directly by our US office and staff.

Nuheara's mission is to continue to transform the way people hear by creating smart hearing solutions that are both accessible and affordable. Now backed by our own clinical trials and significant changes in regulation, we are committed to this mission and will continue to invest in research and development initiatives, our people and other areas to remain at the forefront of hearing industry innovation, provide better hearing experiences for consumers, and drive sustainable long-term value for our shareholders.

The growth foundations of our business are now in place, and with multiple global market opportunities available, we are confident that our efforts from both a technology and sales point of view will translate into further growth for Nuheara.

CHAIRMAN'S LETTER

I would like to extend my thanks to the Company's Co-founder and Managing Director Mr Justin Miller, my fellow Directors, our management team and all of our other employees for their dedication and commitment that has made Nuheara into a successful global company at the forefront of hearing innovation. On behalf of the Board, I would also like to thank shareholders for their continued support during the period. I look forward to delivering further news on the Company's continued success over the next 12 months.

Yours faithfully

The Hon Cheryl Edwardes *AM*
Non-Executive Chairman

The Directors have the pleasure in presenting their report, together with the financial statements of the Group, being the Company and its controlled entities, for the year ended 30 June 2022.

1. DIRECTORS

The Directors in office at any time during or since the end of the financial year are:

The Hon. Cheryl Edwardes ***AM*** LLM, BA, GAICD - Independent Non-Executive Chairman
Appointed: 1 January 2020

Mrs Edwardes has a strong legal and governance background with an extensive career spanning across government and business. She is a Chairman and non-executive Director on a number of ASX-listed boards and a former member of the Foreign Investment Review Board.

During her political career, Mrs Edwardes held positions as the first female Attorney General for Western Australia, Minister for Environment and Labour Relations, and was the Member for Kingsley for nearly 17 years. Mrs Edwardes was awarded an Order of Australia in the Queen's Birthday Honours 2016 for "significant service to the people and Parliament of Western Australia, to the law and to the environment, and through executive roles with business, education and community organisations". Cheryl was also named in the 100 Women of Influence 2016, inducted into Western Australian Women's Hall of Fame 2016 and was a finalist in the Women in Resources Award 2015.

During the past three years, Mrs Edwardes served as a director of the following listed Companies:

Westgold Resources Limited - appointed 28 March 2022*
Flinders Mines Limited - appointed 17 June 2019*
Auscann Group Holdings Ltd – appointed 19 January 2017, resigned 19 January 2020
Vimy Resources Limited - appointed 26 May 2014 and stepped down 4 August 2022 on the merger with Deep Yellow Limited

** Denotes current directorship*

Justin Miller **–** Co-founder, Managing Director and Chief Executive Officer
Appointed: 25 February 2016

Mr Miller is a serial entrepreneur who has developed a thorough knowledge of the global technology and innovation marketplace during his 25-year executive career. Throughout the course of his career, Mr Miller has successfully founded and managed the aggressive and profitable growth of technology, manufacturing and service-related companies. This includes strategic acquisitions, capital raisings, research & development, product development & onshore/offshore manufacture, significant staff growth and multi-million-dollar sales deals involving both direct & channel sales models.

Mr Miller founded ASX-listed IT services Company Empired Limited and most recently was the founder and CEO of industrial hearing and communication company, Sensear Pty Ltd, where he was responsible for growing the global business from the San Francisco bay area.

Mr Miller did not have any directorships in other listed companies during the past three years.

David Cannington *B. Bus (Marketing)* **–** Co-founder and Non-Executive Director
Appointed: 25 February 2016

Mr Cannington has over 25 years' global sales and marketing experience. He has held senior positions in sales and marketing for companies spanning consumer packaged goods (Cadbury Schweppes), advertising (McCann Erickson) data analytics (Neochange) and hearing technology (Sensear Pty Ltd). He has advised many start-ups on go-to-market and growth strategies and was the founding CEO of ANZA Technology Network, a leading cross-pacific technology entrepreneurs' network. Mr Cannington has been recognised as one of the most influential Australian technology executives in Silicon Valley and brings a global perspective to technology commercialisation.

Mr Cannington did not have any directorships in other listed companies during the past three years.

1. DIRECTORS (continued)

Kathryn Giudes *BSc, ASc, MAICD* - Independent Non-Executive Director
Appointed: 12 February 2019

Mrs Giudes has a strong background in technology, sales and early-stage start-up companies. Mrs Giudes has more than two decades of experience designing, building and running large internet-based businesses. Prior to becoming a professional non-executive director, Mrs Giudes was executive Senior Director of Xbox Games Marketplace as well as Microsoft Store online where she managed the profit and loss and global expansion in over 200 geographies with annual revenue budgets in the low billions of dollars. She has extensive technical and commercial experience in software and hardware solutions and advises companies on strategy and technology. Mrs Giudes is currently the Managing Director of macroDATA Digital Solutions, a green datacentre company in Australia.

Mrs Giudes holds a Bachelor of Science (BSc) in International Marketing from Oregon State University and Associate of Science (ASc) - Computer Science and Information Systems from SCC Seattle, USA.

During the past three years, Ms Giudes served as a director of the following listed Companies:

Class Limited – appointed 1 July 2015, resigned October 2021
Livehire Limited – appointed 1 November 2021, resigned 11 March 2022
Locality Planning Energy Holdings Limited – appointed 3 March 2022*

** Denotes current directorship*

David Buckingham *Engineering Science B.Tech (Hons), ACA, ICAEW, GAICD* - Independent Non-Executive Director
Appointed: 1 November 2019

Mr Buckingham has a diverse career which spans extensively across technology, growth, mergers and acquisitions and disrupting entrenched industries by focusing on technology, service and the customer experience. His career began in the United Kingdom with PricewaterhouseCoopers and he later moved into the telecommunications industry to which he devoted much of his career. He has worked for Telewest Global as the Group Treasurer and Director of Financial Planning, Virginmedia, as Finance Director Business Division and iiNet where he held the roles of Chief Financial Officer and Chief Executive Officer between 2008 and 2015. In early 2016 he joined the ASX listed education provider Navitas Limited as Chief Financial Officer. He subsequently became the Chief Executive Officer in 2017 until Navitas was acquired by a private equity group in July 2019.

During the past three years, Mr Buckingham served as a director of the following listed Companies:

Navitas Limited – appointed 1 July 2018, resigned 5 July 2019
OpenLearning Limited – appointed 10 September 2020, resigned 23 May 2022
Pentanet Limited – appointed 10 December 2020*
Hiremii Limited – appointed 3 May 2021*
Way2VAT Limited – appointed 15 September*

** Denotes current directorship*

2. COMPANY SECRETARIES

Susan Park *B. Com, CA, F Fin, GAICD, AGIA* – Company Secretary
Appointed: 6 June 2016

Ms Park has over 25 years' experience in the corporate finance industry and is founder and Managing Director of consulting firm Park Advisory Pty Ltd, which specialises in the provision of corporate governance and company secretarial advice to ASX listed companies. Ms Park holds a Bachelor of Commerce degree from the University of Western Australia majoring in accounting and finance, is a Member of Chartered Accountants Australia and New Zealand, a Fellow of the Financial Services Institute of Australasia, a Fellow of the Governance Institute of Australia and is a Graduate Member of the Australian Institute of Company Directors

Jean-Marie Rudd *B. Bus, CA, GAICD* – Chief Financial Officer and Joint Company Secretary
Appointed: 30 November 2016

Ms Rudd has over 25 years' experience in the corporate sector and professional services, including over 15 years as Chief Financial Officer and Company Secretary in ASX listed companies. Ms Rudd holds a Bachelor of Business degree from Curtin University majoring in accounting, is a Member of Chartered Accountants Australia and New Zealand and a Member of the Australian Institute of Company Directors.

3. PRINCIPAL ACTIVITIES

The principal activity of the Group is the development and commercialisation of its proprietary hearing technology and products as regulated medical devices.

4. DIVIDENDS

No dividend has been declared or paid by the Group since the start of the financial year and the Directors do not recommend a dividend in relation to the financial year ended 30 June 2022.

5. OPERATING AND FINANCIAL REVIEW

Our business model and objectives

Nuheara is transforming the way people hear by developing personalised hearing devices that are multifunctional, accessible and affordable. The Group is selling globally, via brick-and-mortar retail and Direct-To-Consumer channels, to an underserviced segment of the hearing market by providing self-fit hearing devices into both the regulated and traditional retail markets. Nuheara's advanced market offering includes government supply contracts, for fully subsidised products, to support mainstream mild-to-moderate hearing challenges. As a result of the new partnership agreement signed with Realtek Semiconductor Corporation ("Realtek") announced on ASX on 1 July 2022 (see S*ignificant* E*vents after Balance Date* below), Nuheara also intends to broaden its future product development and partner with Realtek to develop chipsets and technology solutions to globally penetrate multiple OEM hearing solution markets

Nuheara is headquartered in Perth, Australia.

Operating results

Revenue from ordinary activities for the year was $3,865,582. This compared with revenue of $10,741,421 for the year ended 30 June 2021, a decrease of 64%.

The Group recorded a net loss after tax of $14,557,811. This compared with a net loss after tax of $7,891,409 (restated) for the year ended 30 June 2021, an increase of 82%. The net loss after tax result represented a loss of 15.81 cents per share (basic and diluted), compared to a loss of 10.32 cents per share (post consolidation) last year.

The Statement of Cash Flows illustrates net cash outflows of $6,834,830 (2021: net inflows of $2,845,643) which were attributable to $2,740,223 received through capital raisings (net of share issue expenses) (2021: $10,945,806), $4,240,377 net proceeds from borrowings (2021: outflows of $210,000), $9,270,287 in net operating outflows (2021: $3,925,291), $93,464 for the purchase of plant and equipment (2021: $58,014) and $4,451,679 for the purchase of intangible assets (capitalised development costs and trademarks) (2021: $3,906,858).

At year-end, the Company held $441,525 in cash (30 June 2021: $7,276,353).

Prior period restatements

In preparing the 30 June 2022 financial statements there were errors found in prior years that require restatements in relation to the:

- Valuation and treatment of unquoted options (share-based payments); and
- Recognition and matching of the Research and Development (R&D) Tax Offset in the appropriate period and against capitalised development costs (intangible asset).

The effect of the above matters against prior periods is detailed in Note 2. A summary of those adjustments is set out below:

Nature of restatements	Financial Impact 30 June 2021		Financial Impact 30 June 2020	
	Net asset (decrease)/increase $	Accumulated losses (decrease)/increase $	Net asset (decrease)/increase $	Accumulated losses (decrease)/increase $
Valuation and treatment of unquoted options	567,190	567,190	(2,372,514)	(2,372,514)
Recognition of R&D Tax Offset income	(1,257,918)	(1,257,918)	(334,846)	(334,846)
Other	-	123,878	-	-
	(690,728)	**(566,850)**	**(2,707,360)**	**(2,707,360)**

5. OPERATING AND FINANCIAL REVIEW (continued)

Review of Operations

Expansion of United States (US) Operations

With the Company's pending FDA 510(k) submission and the subsequent ability to sell an FDA cleared hearing aid in the US in the back half of this calendar year, Nuheara has created this new operational centre to position the Company to capitalise on the growth opportunities that lie ahead in the US, including medical devices, expanding retail presence, and growing investment interest.

The new US operational centre will contain the following key functions:

- The opening of an office in Bellevue, Washington, in March 2022 to support the sales, marketing, and US customer service functions. This location is on the edge of Seattle, a major technology and medical device hub in the US.
- Promotion of Seattle-based John Luna to President Americas alongside his existing role of Chief Revenue Officer. In May 2022, Mr Luna was further promoted to the role of Chief Executive Officer (see below).
- Appointment of Tony Sulsona as VP Sales and Marketing based in the US. Tony has 30 years' experience building medical and consumer product companies in the US.

510(k) Submission to the FDA

Over the last seven years, Nuheara has shifted its focus from being a consumer electronics hearables company to driving an entirely new market in medical device technology with its self-fitting hearing aids. In April 2022, Nuheara took the final step in its plans to secure US Food and Drug Administration (FDA) clearance for its self-fitting hearing aid by providing its 510(k) submission to the FDA. The FDA submission for clearance is the final step of Nuheara's expansion plans into the regulatory approved medical device market, which also aligns with the much-awaited US Over-The-Counter (OTC) hearing aid final rule publication recently announced in the Federal Register by the FDA (see S*ignificant* E*vents after Balance Date* below).

Worldwide Trademark License Agreement with HP Inc

In April 2022, Nuheara announced that it had further strengthened its partnership with HP Inc. (HP) through entering into a worldwide Trademark License Agreement (the Agreement) for use of certain HP trademarks (Licensed Trademarks) on Nuheara's hearing aids, personal sound amplification devices and accessories (Licensed Products).

The Agreement grants Nuheara a license to use the Licensed Trademarks worldwide on the Licensed Products distributed by Nuheara to distribution partners or end-user customers and on materials used by Nuheara in connection with the manufacture, distribution, marketing, advertising, and sale of the Licensed Products. This Agreement includes the pending FDA 800.30, OTC hearing aid category to be sold to consumers without the involvement of a professional in retail and online.

The trademark license granted to Nuheara by HP is worldwide and effectively exclusive within the field of regulated hearing aids.

Exploration of US Listing

Nuheara's hearing device market presence in the US has been developing since the Company's inception. In building brand awareness with Direct-To-Consumer and traditional retail sales partners, the US currently holds the majority of Nuheara's global sales and growth. Representing a once in a generation opportunity, this growing retail presence, award winning hearing products, changing US FDA hearing healthcare regulations supporting OTC hearing aids, and the Company's recent FDA 510(k) self-fit hearing aid submission, have all called for a greater Company presence in the US.

This solid hearing healthcare platform built by Nuheara in the US, coupled with the new opportunities that are expected to be delivered because of the OTC rule changes, has resulted in ever growing US investment bank interest in the Company. Accordingly, in May 2022, the Company has now moved on this interest and engaged Roth Capital Partners to explore US listing alternatives that support dual listings in Australia and the United States of America.

Roth is a relationship-driven investment bank focused on serving emerging growth companies and their investors. As a full-service investment bank, Roth provides capital raising, M&A advisory, analytical research, trading, market-making services, and corporate access.

5. OPERATING AND FINANCIAL REVIEW (continued)

Appointment of US Based CEO

Over the past seven years, Nuheara's smart self-fit hearing devices have been successfully developed and deployed alongside new and unexplored retail channels in the US. Now backed by the changing OTC hearing aid rules (released in August 2022), we find ourselves in the right place at the right time. Nuheara's work with US investment bank Roth will be backed on the ground in the US by hearing healthcare industry stalwart, John Luna, who was appointed as US based CEO in May 2022.

John R. Luna joined Nuheara in May 2021 previously served as the Chief Revenue Officer and President Americas. Mr Luna has a proven track record of successfully leading companies and commercializing medical devices over a 30-year career. In the medical device and hearing aid industry, he served previously as CEO and COO of iHear Medical, Inc., Chief Business Development Officer of Eargo, and President and COO of Bernafon (Demant). Mr Luna's leadership roles with established and emerging growth companies successfully disrupted business standard models, including his role at InSound Medical launching the first 24/7 worn, subscription-based Lyric™ hearing device prior to its acquisition by Sonova.

As an experienced medical device executive, incoming CEO Mr Luna will report directly to the Board of Directors and assume all operational control of the Company along with the management of the C-Suite Executives. With critical global Sales and Marketing functions already transitioned to the US, the product, technical, operations and finance functions will remain in Perth and be managed remotely. As Managing Director, Mr. Miller will manage the Company's ongoing corporate and regulatory commitments as well as strategic and OEM relationships.

Capital Raisings

Capital Raising - December 2021/January 2022

In December 2021, Nuheara undertook a capital raising to fund immediate growth opportunities, particularly in the US, comprising:

- $3.0 million invested by United States-based Healthcare 2030, LLC by way of a Subscription Agreement;
- $1.6 million private placement from existing and new professional sophisticated investors; and
- $1.1 million Share Purchase Plan (SPP) that provided the opportunity for the Company's shareholders to further invest on the same terms as the private placement.

The SPP closed on 17 January 2022 with valid applications totalling $1,067,200. The SPP allowed eligible shareholders the opportunity to subscribe for up to $30,000 worth of New Shares in Nuheara at an issue price of $0.016 per share.

Funds raised will be used for growth initiatives including:

- 510(k) submission to the US FDA for approval of a Class II, self-fitting air conduction, wireless hearing aid.
- Transitioning customers to payment terms arising from traditional retail sales growth through the Company's retail partners, particularly in the US.
- Supporting the newly developed range of hearing aid products for Nuheara's planned expansion into clinically tested and regulatory approved medical devices, particularly in the US.

Capital Raising - June 2022

Following the partnership announced with Realtek Semiconductor Corporation on 1 July 2022 (see S*ignificant* E*vents after Balance Date* below) Nuheara undertook a placement of 2,916,665 ordinary shares at $0.12 for a total of $350,000 (before costs) allocated to sophisticated investors whose shares were issued on 30 June 2022. Funds will be used for product research and development, Medical Device/Hearing Aid market and regulatory development, and working capital.

5. OPERATING AND FINANCIAL REVIEW (continued)

Agreement for the Sale of Non-Core Mining Asset

In May 2022, the company announced that it had entered into an Agreement for the sale of its remaining royalty asset to SilverStream SEZC (SilverStream), a wholly owned subsidiary of Vox Royalty Corp. (TSX-V: VOX) (Vox).

Nuheara's remaining mining asset consists of a Net Smelter Royalty (NSR) located in Peru, held by its 80% owned subsidiary Terrace Gold Pty Ltd (Terrace Gold). Vox has entered into a sale and purchase agreement with Terrace Gold to acquire all of Terrace Gold's rights and interests in an agreement with Lumina Copper S.A.C, which includes the right to receive the El Molino 0.5% NSR royalty in Peru.

The upfront consideration issued to Terrace Gold was paid in US$50,000 in common shares of Vox and is shown as a Disposal group – shares held for sale in the Statement of Financial Position. A further payment of US$450,000 is payable in cash following the registration of the El Molino royalty rights on the applicable mining title in Peru and the satisfaction of other customary completion conditions.

Performance indicators

Management and the Board monitor the Group's overall performance, from the execution of its strategic plan through to the performance of the Group against operating plans and financial budgets.

The Board, together with management have identified key performance indicators (KPI's) that are used to monitor performance. Directors receive the KPI's for review prior to each monthly Board meeting allowing all Directors to actively monitor the Group's performance.

Shareholder returns

The Group's return to shareholders is as follows:	2022	Restated 2021
Basic loss per share	**(15.31)**	(9.29)
Diluted loss per share	**(15.31)**	(9.29)

Review of Financial Condition

Liquidity and Capital Resources

The Statement of Cash Flows illustrates net cash outflows of $6,834,830 (2021: net inflows of $2,845,643) which were attributable to $2,740,223 received through capital raisings (net of share issue expenses) (2021: $10,945,806), $4,240,377 net proceeds from borrowings (2021: outflows of $210,000), $9,270,287 in net operating outflows (2021: $3,925,291), $93,464 for the purchase of plant and equipment (2021: $58,014) and $4,451,679 for the purchase of intangible assets (capitalised development costs and trademarks) (2021: $3,906,858).

The net tangible asset/(liability) backing of the Group was -2.66 cents per share (2021: 8.72 cents per share post-consolidation). As at 30 June 2022 the number of shares on issue was 103,198,611 (30 June 2021: 86,150,210 (post-consolidation) / 1,723,004,193 (pre consolidation)).

A share consolidation of 20 ordinary shares into 1 ordinary share of the Company was completed on 6 May 2022. The number of ordinary shares for the purpose of net tangible asset/(liability) backing per ordinary share has been adjusted for the share consolidation. The 2021 share numbers have been restated for the share consolidation of 20 ordinary shares to 1 ordinary share.

Asset and Capital Structure	2022 $	2021 $
Debts:		
Trade and other payables	3,631,789	1,573,665
Interest bearing loans and borrowings	1,299,754	-
Less: Cash and cash equivalents	(441,525)	(7,276,355)
Net (assets)/debts	4,490,018	(5,702,690)
Total equity	3,104,171	12,846,273
Total capital employed	**7,594,189**	**7,143,583**

The level of gearing in the Group is within acceptable limits set by the Directors.

6. OPERATING AND FINANCIAL REVIEW (continued)

Share issues during the year

The Group issued 282,619,844 shares pre-share consolidation on 6 May 2022, and 2,916,665 shares were issued post-consolidation (2021: 363,192,609 shares) during the year as follows:

Pre-Consolidation:
6 July 2021 – shares issued on exercise of options @ $0.025
9 July 2021 – shares issued under Salary Sacrifice Share Plan @ $0.0443
31 August 2021 – shares issued on exercise of options @ $0.025
4 October 2021 - shares issued on exercise of options @ $0.025
29 December 2021 – shares issued in satisfaction of the Company's obligation to pay a fee to Healthcare 2030 LLC under the Share Placement Agreement @ $0.016
29 December 2021 – shares issued by way of share placement to Healthcare 2030 LLC under Share Placement Agreement @ $0.016
31 December 2021 – shares issued by way of share placement @ $0.016
24 January 2022 - shares issued by way of share placement @ $0.016
7 February 2022 - shares issued by way of conversion under Convertible Note funding agreement at $0.013
26 April 2022 - shares issued by way of conversion under Convertible Note funding agreement at $0.011
Post Consolidation:
30 June 2022 – shares issued by way of share placement @ $0.12

Risk Management

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Group believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee. Instead, sub-committees are convened as appropriate in response to issues and risks identified by the Board as a whole and the sub-committee further examines the issue and reports back to the Board.

The Board has several mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Implementation of Board approved budget and Board monitoring of progress against budget, including the establishment and monitoring of financial KPI's; and
- The establishment of committees to report on specific business risks.

The highest risk factors for the Company's Board and Management to monitor and mitigate are currently seen as follows:

- Continued sales reduction and supply chain disruption risks following the recent COVID pandemic;
- Loss of key relationships with major retail and OEM customers and partners;
- Loss of key personnel in competitive employment markets, particularly sector-specialist employees and employees with significant involvement in the development and delivery of the Company's technology and products;
- Security over Company owned Intellectual Property (IP);
- Data breaches arising from Cyber Security threats to the Company's core systems and networks;
- Continued access to liquidity and capital to grow and operate the Company's business; and
- Non compliance with sector specific regulation over medical hearing device standards, particularly in light of the new US FDA OTC regulations highlighted above.

Note, this is not an all-inclusive list of all risks that the Company faces but the key risks that the Board deem to be most important to monitor and mitigate at present. Please refer to the Company's risk management policy in the Company's Corporate Governance page of the Company's website for further information on Risk Management.

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs during the year ended 30 June 2022 are as follows:

In August 2021 Nuheara announced the commencement of a medical device clinical trial for a self-fit hearing aid. Now, almost 12 months on, the Company has not only completed this clinical trial, but more importantly through the course of Q4 FY22 made its subsequent FDA 510(k) submission and commenced its manufacturing and retail sales transition from consumer electronics to medical devices.

The FDA submission for clearance was the final step of Nuheara's expansion plans into the regulatory approved medical device market. This also aligns with the much-awaited US OCT hearing aid final rule publication in the Federal Register by the FDA which, 5 years from when it was originally announced, was published in late August 2022. Now published, this is expected to support the commencement of OTC hearing aid sales to commence in the US from October 2022. Nuheara is ready for this change and strongly positioned to benefit from the expected opening of this highly attractive market opportunity.

8. LIKELY DEVELOPMENTS

As noted previously, medical devices, more specifically OTC hearing aids, will become a significant part of Nuheara's future as the Company continues to innovate to bring new hearing products to market. Nuheara is positioned to commercialise its OTC hearing aids (pending FDA clearance), through the Company's trademark license agreement with HP Inc. and its Partnership with Realtek Semiconductor Corporation (see *Significant Events After Balance Date* below) that will help Nuheara to deliver its next generation of hearing aid products.

9. SIGNIFICANT EVENTS AFTER BALANCE DATE

Strategic Partnership and new Cornerstone Investment with Realtek Semiconductor Corporation

In July 2022, the Company announced that it had entered into a strategic partnership (Partnership) and cornerstone investment from Taiwan based Realtek Semiconductor Corporation (Realtek).

By way of a signed Memorandum of Understanding, Nuheara and Realtek will partner together to develop chipset (Integrated Circuits or ICs) and technology solutions to globally penetrate multiple hearing related markets. These include the global True Wireless Stereo (TWS) with Personal Sound Amplification Product (PSAP) chipset market and the regulated OTC hearing aid market.

Underpinning the Partnership is a placement of 14,166,667 ordinary shares at $0.12 for a total of $1.7 million. Funds will be used for product research and development, Medical Device/Hearing Aid market and regulatory development, and working capital.

The Partnership will initially help Nuheara to deliver its next generation of hearing aid products by integrating Realtek's advanced chipset. With this experience, the Partnership will expand to co-developing TWS PSAP chipset and technology solutions for the broader consumer electronics market. Components of Nuheara's Intellectual Property (IP) including smart hearing processing and self-fit technology are planned to be embedded on Realtek ICs, for which Nuheara will receive a to be agreed royalty fee for each IC sold. Nuheara will also offer Realtek customers full earbud design and manufactured solutions for an agreed services fee per implementation.

Follow-on Funding from Realtek

On 8 September 2022, Nuheara announced a follow-on round of funding from Realtek. By way of a signed Convertible Note, Nuheara raised $2.5 million from Realtek, which follows the $1.7 million share placement from Realtek on 1 July 2022. Funds will be used for product research and development, Medical Device/Hearing Aid market and regulatory development, and working capital. The Convertible Note was issued under the Company's Listing Rule 7.1 placement capacity.

Nuheara remains in discussion with Realtek regarding further broader partnership opportunities.

Close Out of Subscription Agreement

On 27 June 2022, Healthcare 2030 issued a final subscription notice for the remaining shares under the Subscription Agreement entered into in December 2021. The issue of the shares finalised the agreement with Healthcare 2030 and the financial liability recognised at $1,854,240 as at 30 June 2022 will be derecognised in the next reporting period.

10. SIGNIFICANT EVENTS AFTER BALANCE DATE

US OTC Hearing Aid Market to Open for Nuheara

On 17 August 2022, the US FDA released its landmark final ruling, establishing a regulatory category for OTC hearing aids in the United States.

In a world first, and most significantly for Nuheara, the ruling allows hearing aids within the OTC category to be sold directly to consumers in stores or online without a medical exam or fitting by an audiologist. There is now a 60-day enactment period until the commencement of OTC hearing aid consumer retail sales are allowed, anticipated for mid-October 2022.

11. ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental, Commonwealth or State, regulations or laws.

12. UNQUOTED SHARE OPTIONS

As at the date of this report, the Group has 4,249,616 unquoted options over ordinary shares. These options have been issued on the following terms.

Number of Unquoted Options	Exercise Price	Expiry Date
1,213,236	$1.00 each	03 February 2024
187,500	$0.52 each	04 June 2023
1,077,002	$0.50 each	21 August 2023
100,000	$1.00 each	21 August 2023
100,000	$2.00 each	21 August 2023
125,000	$0.87 each	02 March 2024
500,000	$0.68 each	31 August 2024
75,000	$0.37 each	04 January 2025
250,000	$0.48 each	28 April 2025
546,878	$0.56 each	28 October 2023
75,000	$0.153 each	03 June 2025
TOTAL 4,249,616		

Option holders do not have any rights to participate in any issues of shares or other interests in the Group or any other entity.

13. REMUNERATION REPORT (AUDITED)

This report, which forms part of the Directors' Report, details the amount and nature of remuneration of each Key Management Personnel (KMP) of the Group. The following people were identified KMP during the year:

Directors	Position
Cheryl Edwardes	Independent Non-Executive Chairman
Justin Miller	Managing Director/Chief Executive Officer
David Cannington	Executive Director/Chief Marketing Officer (to 15 March 2022) Non-Executive Director (from 16 March 2022)
Kathryn Giudes	Non-Executive Director
David Buckingham	Non-Executive Director
Executives	**Position**
John Luna	Chief Executive Officer (from 9 May 2022)
Jean-Marie Rudd	Chief Financial Officer/Joint Company Secretary

Except as noted, the named persons held their current position for the whole of the financial year. There were no other changes to KMP after the reporting date and before the date the annual report was authorised for issue.

Remuneration policy

The remuneration policy of the Group has been designed to align KMP objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated group, as well as create goal congruence between Directors, executives and shareholders.

The remuneration policy is to provide a fixed remuneration component, performance related bonus and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Group and the activities which it undertakes and is appropriate in aligning executives' objectives with shareholder and business objectives.

The remuneration policy, in regard to settling terms and conditions for the Executive Directors and executives, has been developed by the Board, taking into account market conditions and comparable salary levels for companies of similar size and operating in similar sectors. The Board reviews the remuneration packages of all KMP on an annual basis.

The maximum remuneration of Non-Executive Directors is to be determined by Shareholders in general meeting in accordance with the Constitution, the *Corporations Act* and the ASX Listing Rules, as applicable. At present the maximum aggregate remuneration of Non-Executive Directors is $400,000 per annum.

The apportionment of Non-Executive Director Remuneration within that maximum will be made by the Board having regard to the inputs and value to the Group of the respective contributions by each Non-Executive Director. Remuneration is not linked to specific performance criteria.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payment to the Non-Executive Directors and reviews their remuneration on an individual basis, based on market practices, duties and accountability. Independent external advice is sought when required. Remuneration is not linked to the performance of the Group.

There are no service or performance criteria on the options granted to Directors as, given the speculative nature of the Group's activities and the small management team responsible for its running, it is considered the performance of the Directors and the performance and value of the Group are closely related. The Board has a policy of granting options to KMP with exercise prices above the respective share price at the time that the options were agreed to be granted. As such, options granted to KMP will generally only be of benefit if the KMP's perform to the level whereby the value of the Group increases sufficiently to warrant exercising the options granted. Given the stage of development of the Group and the high-risk nature of its activities, the Board considers that the prospects of the Group and resulting impact on shareholder wealth are largely linked to the success of this approach, rather than by referring to current or prior year earnings.

KMP or a closely related member of such a member must not enter into an arrangement if the arrangement would have the effect of limiting the exposure of the member to risk relating to an element of the member's remuneration that has not vested in the member or has vested in the member but remains subject to a holding lock.

11. REMUNERATION REPORT (AUDITED) (continued)

Australian-based executives receive a superannuation guarantee contribution required by the Government, currently 10.5% and do not receive any other retirement benefit. Executives may also choose to sacrifice part of their salary to increase contributions towards superannuation. Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement.

All remuneration paid to KMP is valued at the cost to the Group and expensed. KMP are also entitled and encouraged to participate in the Nuheara Incentive Option Plan (Option Plan) to align Directors' interests with shareholders' interests. Options granted under the Option Plan do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is measured using the Black-Scholes methodology.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration. In addition, the Board's remuneration policy prohibits Directors and KMP from using the Group's shares as collateral in any financial transaction, including margin loan arrangements.

Performance-based remuneration policy

Key performance indicators (KPI's) are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area everyone is involved in and has a level of control over. The KPI's target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial, as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPI's is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPI's achieved. Following the assessment, the KPI's are reviewed by the Board considering the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPI's are set for the following year.

Relationship between remuneration policy and Group performance

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPI's, and the second being the issue of options to encourage the alignment of personal and shareholder interests.

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of financial targets, ratios, and continued employment with the Group.

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the three years to 30 June 2022:

	2022 $	Restated 2021 $	Restated 2020 $
Revenue	3,865,582	10,741,421	1,739,535
Net loss before tax	(14,315,229)	(7,891,409)	(11,690,733)
Net loss after tax	(14,327,648)	(7,891,409)	(11,690,733)
	2022	**2021**	**2020**
Share price at start of year (post-consolidation)	$0.88	$0.24	$1.20
Share price at end of year (post-consolidation)	$0.12	$0.88	$0.24
Basic earnings per share (cents per share)	(15.56)	(10.32)	(22.97)
Diluted earnings per share (cents per share)	(15.56)	(10.32)	(22.97)

11. REMUNERATION REPORT (AUDITED) (continued)

Details of remuneration provided to Directors and executives during the year are as follows:

		Short-Term Employee Benefits			Post Employment Benefits	Long Term Employee Benefits	Share-Based Payments	
		Salary & Fees $	Non Monetary(3) $	Annual Leave $	Superannuation $	Long Service Leave $	Options(4) (restated) $	Total $
Cheryl Edwardes	**2022**	**90,000**	**-**	**-**	**9,000**	**-**	**7,516**	**106,516**
	2021	75,000	-	-	7,125	-	80,365	**162,490**
Justin Miller	**2022**	**407,200**	**15,425**	**9,314**	**40,720**	**9,499**	**8,759**	**490,917**
	2021	407,200	13,546	20,363	38,684	12,289	34,011	526,093
David Cannington(1)	**2022**	**271,134**	**1,702**	**(30,552)**	**24,163**	**(15,960)**	**8,759**	**259,246**
	2021	344,929	2,400	(4,945)	29,798	7,957	34,011	**414,150**
Kathryn Giudes	**2022**	**65,000**	**-**	**-**	**6,500**	**-**	**-**	**71,500**
	2021	65,000	-	-	6,175	-	-	**71,175**
David Buckingham	**2022**	**65,000**	**-**	**-**	**6,500**	**-**	**5,741**	**77,241**
	2021	50,000	-	-	4,750	-	82,140	**136,890**
Jean-Marie Rudd	**2022**	**265,000**	**4,655**	**3,956**	**26,500**	**8,600**	**24,497**	**333,208**
	2021	265,000	4,213	11,116	25,175	4,106	87,177	**396,787**
John Luna(2)	**2022**	**59,042**	**8,438**	**28,836**	**-**	**-**	**34,094**	**130,410**
	2021	-	-	-	-	-	-	**-**
TOTAL	**2022**	**1,222,376**	**30,219**	**11,554**	**113,383**	**2,139**	**89,366**	**1,469,037**
TOTAL	2021	1,207,129	20,159	26,534	111,707	24,352	317,704	**1,707,585**

(1) David Cannington retired as Executive Director/Chief Marketing Officer on 15 March 2022. From 16 March 2022, Mr Cannington became a Non-Executive Director.
(2) John Luna was appointed Chief Executive Officer on 9 May 2022.
(3) Non-monetary benefits include insurance, health care benefits, car parking and mobile phone allowance.
(4) The value of the options and rights granted to KMP as part of their remuneration is calculated as at the grant date using the Black Scholes pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

11. REMUNERATION REPORT (AUDITED) (continued)

Services Agreements

Justin Miller – Co-founder and Managing Director

Mr Miller has been engaged as an Executive Director of the Group pursuant to an employment and services agreement between the Group and Mr Miller (Miller Agreement).

The total annual remuneration payable to Mr Miller under the Miller Agreement is a salary of $407,200 (2021: $407,200) per annum (exclusive of superannuation). Mr Miller will also be entitled to participate in short-term incentives of up to 20% (2021: 20%) of the base package. For the financial year ended 30 June 2022 Mr Miller did not earn a bonus under the incentive plan (2021: nil).

The Miller Agreement commenced on 2 March 2016 with Mr Miller's appointment as Executive Director, Managing Director and Chief Executive Officer. The role of Chief Executive Officer was relinquished upon the promotion of John Luna into the position with effect from 9 May 2022. Employment under the Miller Agreement will continue until terminated in accordance with the Miller Agreement (Term). During the Term, the Miller Agreement may be terminated by the Group at any time:

- by six months' written notice to Mr Miller, at which time the Group will immediately pay Mr Miller 6 months' base salary in lieu;
- by three written months' notice to Mr Miller in cases of prolonged illness or incapacity (mental or physical); or
- by summary notice in circumstances where Mr Miller neglects to perform his duties, or comply with reasonable or proper direction, or engages in serious misconduct.

Otherwise, the Miller Agreement may be terminated by Mr Miller at any time for any reason by giving not less than three months' notice in writing to the Group. Mr Miller may also terminate the Miller Agreement immediately by giving notice if at any time the Group is in breach of a material term of the Miller Agreement.

In the event of a change of control, Mr Miller will receive a bonus payment comprising of a lump sum gross payment of 12 months' base salary.

Mr Miller is also subject to restrictions in relation to the use of confidential information during and after his employment with the Group ceases, being directly or indirectly involved in a competing business during the continuance of his employment with the Group, and for a period of 12 months after his employment with the Group ceases, on terms which are otherwise considered standard for agreements of this nature.

The Miller Agreement contains additional provisions considered standard for agreements of this nature.

John Luna – Chief Executive Officer

Mr John Luna has been engaged as the Chief Executive Officer of the Group pursuant to an employment and services agreement between the Group and Mr Luna (Luna Agreement).

The total annual remuneration payable to Mr Luna under the Luna Agreement is a salary of US$275,700 per annum (2021: US$180,000), a health care allowance of US$37,800 per annum (2021: US$33,600), and a telecommunications allowance of US$200 per month (2021: US$100 per month). Mr Luna will also be entitled to participate in short-term incentives of up to 20% (2021: nil) of the base package. For the financial year ended 30 June 2022 Mr Luna did not earn a bonus under the incentive plan (2021: nil).

The Luna Agreement commenced on 3 May 2021 with Mr Luna's appointment as Global Business Development Manager. He was subsequently promoted to Chief Revenue Officer on 1 August 2021 and to Chief Executive Officer on 9 May 2022. Mr Luna's employment under the Luna Agreement will continue until terminated in accordance with the Luna Agreement (Term). During the Term, the Luna Agreement may be terminated by the Group at any time:

- by three months' written notice to Mr Luna, at which time the Group will immediately pay Mr Luna 3 months' base salary in lieu;
- by one months' written notice to Mr Luna in cases of prolonged illness or incapacity (mental or physical); or
- by summary notice in circumstances where Mr Luna neglects to perform his duties or comply with reasonable or proper direction or engages in serious misconduct.

11. REMUNERATION REPORT (AUDITED) (continued)

Services Agreements (continued)

John Luna – Chief Executive Officer (continued)

Otherwise, the Luna Agreement may be terminated by Mr Luna at any time for any reason by giving not less than three months' notice in writing to the Group. Mr Luna may also terminate the Luna Agreement immediately by giving notice if at any time the Group is in breach of a material term of the Luna Agreement.

In the event of a change of control, Mr Luna will receive a bonus payment comprising of a lump sum gross payment of six months' base salary.

Mr Luna is also subject to restrictions in relation to the use of confidential information during and after his employment with the Group ceases, being directly or indirectly involved in a competing business during the continuance of his employment with the Group, and for a period of six months after his employment with the Group ceases, on terms which are otherwise considered standard for agreements of this nature.

The Luna Agreement contains additional provisions considered standard for agreements of this nature.

Jean-Marie Rudd – Chief Financial Officer and Joint Company Secretary

Ms Jean-Marie Rudd has been engaged as the Chief Financial Officer/Joint Company Secretary of the Group pursuant to an employment and services agreement between the Group and Ms Rudd (Rudd Agreement).

The total annual remuneration payable to Ms Rudd under the Rudd Agreement is a salary of $265,000 per annum (exclusive of superannuation) (2021: $265,000) and a telecommunications allowance of $200 per month (2021: $200 per month). Ms Rudd will also be entitled to participate in short-term incentives of up to 20% (2021: 20%) of the base package. As at the date of this report, Ms Rudd has not been awarded a bonus under the incentive plan for the financial year ended 30 June 2022 (2021: nil).

The Rudd Agreement commenced on 16 August 2016 and employment under the Rudd Agreement will continue until terminated in accordance with the Rudd Agreement (Term). During the Term, the Rudd Agreement may be terminated by the Group at any time:

- by three months' written notice to Ms Rudd, at which time the Group will immediately pay Ms Rudd 3 months' base salary in lieu;
- by one months' written notice to Ms Rudd in cases of prolonged illness or incapacity (mental or physical); or
- by summary notice in circumstances where Ms Rudd neglects to perform her duties or comply with reasonable or proper direction or engages in serious misconduct.

Otherwise, the Rudd Agreement may be terminated by Ms Rudd at any time for any reason by giving not less than three months' notice in writing to the Group. Ms Rudd may also terminate the Rudd Agreement immediately by giving notice if at any time the Group is in breach of a material term of the Rudd Agreement.

In the event of a change of control, Ms Rudd will receive a bonus payment comprising of a lump sum gross payment of six months' base salary.

Ms Rudd is also subject to restrictions in relation to the use of confidential information during and after her employment with the Group ceases, being directly or indirectly involved in a competing business during the continuance of her employment with the Group, and for a period of six months after her employment with the Group ceases, on terms which are otherwise considered standard for agreements of this nature.

The Rudd Agreement contains additional provisions considered standard for agreements of this nature.

11. REMUNERATION REPORT (AUDITED) (continued)

KMP shareholdings

The number of ordinary shares the Group held by KMP during the financial year is as follows:

Ordinary Shares	Opening balance 1 July 2021 or balance on appointment	Issued during the year	Acquired during the year	Sold during the year	Share Consolidation 20:1	Closing Balance 30 June 2022 or resignation date
Cheryl Edwardes	554,447	163,343	156,250	-	(830,338)	**43,702**
Justin Miller(1)	69,025,209	443,422	1,875,000	-	(67,776,449)	**3,567,182**
David Cannington	69,025,209	341,561	156,250	(5,000,000)	(61,296,869)	**3,226,151**
Kathryn Giudes(2)	1,280,254	141,564	-	-	(1,350,726)	**71,092**
David Buckingham(3)	1,588,235	-	1,250,000	-	(2,696,323)	**141,912**
Jean-Marie Rudd(4)	313,396	2,000,000	-	-	(2,197,726)	**115,670**
John Luna	-	-	-	-	-	-
Total	**141,786,750**	**3,089,890**	**3,437,500**	**(5,000,000)**	**(136,148,431)**	**7,165,709**

Notes:

(1) 3,491,814 shares are held by Wasagi Corporation Pty Ltd as trustee for the Wasagi Family Trust and 75,368 shares are held by Mr Justin Miller and Mrs Kym Miller as trustee for the BBFC Super Fund, both of which Mr Miller is a beneficiary.
(2) 32,000 shares are held by Aylesham Pty Ltd as trustee for the Norval Court Super Fund of which Mrs Giudes is a beneficiary, 7,079 shares are held by Kathryn Foster Pty Ltd as trustee for the Kathryn Foster Family Trust of which Mrs Giudes is a beneficiary, and 32,013 shares are held by Wayne Giudes, Mrs Giudes' husband.
(3) 141,912 shares are held by The Buckingham Family Trust of which Mr Buckingham is a beneficiary.
(4) 115,670 shares are held by the Rudd Family Trust of which Ms Rudd is a beneficiary.

The relevant beneficial interest of KMP in the options over ordinary share capital of the Group is as follows:

Options	Opening balance 1 July 2021 or balance on appointment	Issued during the year	Exercised during the year	Expired during the year	Share Consolidation 20:1	Closing Balance 30 June 2022 or resignation date
Cheryl Edwardes	3,000,000	-	-	-	(2,850,000)	**150,000**
Justin Miller(1)	3,000,000	-	-	-	(2,850,000)	**150,000**
David Cannington	3,000,000	-	-	-	(2,850,000)	**150,000**
David Buckingham(2)	2,000,000	-	-	-	(1,900,000)	**100,000**
Jean-Marie Rudd(3)	3,000,000		(2,000,000)	-	(950,000)	**50,000**
John Luna	-	3,000,000		-	(2,850,000)	**150,000**
Total	**14,000,000**	**3,000,000**	**(2,000,000)**	**-**	**(14,250,000)**	**750,000**

Notes:

(1) 150,000 options are held by Wasagi Corporation Pty Ltd as trustee for the Wasagi Family trust of which Mr Miller is a beneficiary.
(2) 100,000 options are held by The Buckingham Family Trust of which Mr Buckingham is a beneficiary.
(3) 3,000,000 options are held by the Rudd Family Trust of which Ms Rudd is a beneficiary.

11. REMUNERATION REPORT (AUDITED) (continued)

Options granted

There were 3,000,000 options (pre-consolidation) / 150,000 options (post-consolidation) issued to KMP for the year ended 30 June 2022 (2021: 15,000,000 pre-consolidation / 750,000 post-consolidation).

Shares issued

327,884 shares (post consolidation) were issued to KMP as remuneration under the Nuheara Employee Salary Sacrifice Plan (2021: 1,089,890 pre-consolidation shares / 54,495 post-consolidation shares) in respect of the year ended 30 June 2022. The shares were issued on 12 July 2022 (2021: 9 July 2021).

Other transactions with KMP and/or their related parties

During the year there were no other transactions with KMP and/or related parties.

END OF REMUNERATION REPORT

12. DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Group's Directors held during the year ended 30 June 2022 and the number of meetings attended by each Director:

	BOARD		AUDIT & RISK MANAGEMENT COMMITTEE		NOMINATION & REMUNERATION COMMITTEE	
Director	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend
Cheryl Edwardes	25	25	3	3	1	1
Justin Miller	25	25	-	-	-	-
David Cannington	24	25	-	-	-	-
Kathryn Giudes	22	25	3	2	1	1
David Buckingham	25	25	3	3	1	1

13. INDEMNIFYING OFFICERS OR AUDITOR

The Group has paid premiums to insure all Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Director of the Group, other than conduct involving a wilful breach of duty in relation to the Group. The premiums in total amounted to $126,540.

14. PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

15. NON-AUDIT SERVICES

The Board of Directors is satisfied that there was no provision of non-audit services during the year.

16. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 20 of the financial report.

Made and signed in accordance with a resolution of the Directors.

Justin Miller
Co-founder and Managing Director

Perth, 6 October 2022

Take the lead

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF NUHEARA LIMITED

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

SW

SW Audit (formerly ShineWing Australia)
Chartered Accountants

R Blayney Morgan

R Blayney Morgan
Partner

Melbourne, 6 October 2022

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NUHEARA LIMITED
ABN 29 125 167 133

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2022 $	Restated 2021 $
Revenue	4	3,865,582	10,741,421
Cost of revenue		(3,153,296)	(4,565,039)
Gross profit		**712,286**	**6,176,382**
Other income	4	1,912,164	2,111,622
Marketing and promotional		(5,399,307)	(5,303,950)
Product development and technology related expenses	5	(6,121,811)	(6,020,159)
General and administrative		(5,418,561)	(4,855,304)
Total expenses		**(15,027,515)**	**(14,067,791)**
Loss before tax from continuing operations		**(14,315,229)**	**(7,891,409)**
Income tax expense	3	(12,419)	-
Net loss after tax from continuing operations		**(14,327,648)**	**(7,891,409)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(980)	(31,996)
Total other comprehensive loss		**(980)**	**(31,996)**
Total comprehensive loss		**(14,328,628)**	**(7,923,405)**
Loss after tax attributable to:			
Owners of the Company		(14,335,100)	(7,891,409)
Non-controlling interests		7,452	-
Net loss after tax from continuing operations		**(14,327,648)**	**(7,891,409)**
Total comprehensive loss attributable to:			
Owners of the Company		(14,335,100)	(7,891,409)
Non-controlling interests		7,452	-
Total comprehensive loss		**(14,327,648)**	**(7,891,409)**
Earnings per share			
Basic loss per share (cents per share)	23	**(15.56)**	(10.18)
Diluted loss per share (cents per share)	23	**(15.56)**	(10.18)

The accompanying notes form part of these consolidated financial statements.

NUHEARA LIMITED
ABN 29 125 167 133

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTES	2022 $	Restated 2021 $	Restated 2020 $
CURRENT ASSETS				
Cash and cash equivalents	30	441,525	7,276,355	4,430,710
Trade and other receivables	6	3,007,247	3,363,757	2,961,878
Inventory		3,355,010	1,099,077	411,604
Financial assets held at fair value	8	69,677	-	-
Assets held for sale		-	-	153,544
TOTAL CURRENT ASSETS		**6,873,459**	**11,739,189**	**7,957,736**
NON-CURRENT ASSETS				
Plant and equipment	9	175,846	229,996	387,916
Right of use asset	10	394,754	-	27,275
Other assets		-	1	5,063
Intangible assets	11	5,848,725	5,330,903	4,916,860
TOTAL NON-CURRENT ASSETS		**6,419,325**	**5,560,900**	**5,337,114**
TOTAL ASSETS		**13,292,784**	**17,300,089**	**13,294,850**
CURRENT LIABILITIES				
Trade and other payables	12	3,631,789	1,573,665	2,619,278
Financial liabilities	13	1,484,353	-	27,271
Income tax payable	3	12,419	-	-
Provisions		682,969	940,997	438,266
TOTAL CURRENT LIABILITIES		**5,811,530**	**2,514,662**	**3,084,815**
NON-CURRENT LIABILITIES				
Financial liabilities	13	2,069,463	-	2,301,539
Deferred income	14	2,174,927	1,848,484	1,729,850
Provisions	15	132,693	90,670	49,623
TOTAL NON-CURRENT LIABILITIES		**4,377,083**	**1,939,154**	**4,081,012**
TOTAL LIABILITIES		**10,188,613**	**4,453,816**	**7,165,827**
NET ASSETS		**3,104,171**	**12,846,273**	**6,219,024**
EQUITY				
Issued capital	16	64,294,132	59,966,708	46,232,282
Share option reserve	16	4,469,726	4,211,722	3,336,745
Foreign currency translation reserve		(7,458)	(6,478)	25,518
Accumulated losses		(65,659,681)	(51,325,679)	(43,465,521)
Non-controlling interest		7,452	-	-
TOTAL EQUITY		**3,104,171**	**12,846,273**	**6,219,024**

The accompanying notes form part of these consolidated financial statements.

NUHEARA LIMITED
ABN 29 125 167 133

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Ordinary Shares $	Accumulated Losses $	Share Option Reserve $	Foreign Currency Translation Reserve $	Non-Controlling Interests $	Total $
Balance at 30 June 2020	**46,295,932**	**(40,758,161)**	**656,273**	**25,518**	**-**	**6,219,562**
Restatement – Note 2	(63,650)	(2,707,360)	2,680,472	-	-	**(90,538)**
Balance at 1 July 2020 (restated)	**46,232,282**	**(43,465,521)**	**3,336,745**	**25,518**	**-**	**6,129,024**
Comprehensive income						
Loss for the year	-	(7,891,409)	-	-	-	**(7,891,409)**
Exchange differences on translating foreign operations	-	31,251	-	(31,996)	-	**(745)**
Total comprehensive loss for the year	**-**	**(7,860,158)**	**-**	**(31,996)**	**-**	**(7,892,154)**
Transactions with owners in their capacity as owners						
Shares issued during the year	14,409,083	-	-	-	-	14,409,083
Share issue costs	(863,278)	-			-	(863,278)
Transfer balance of share option reserve on exercise of options	188,621	-	(188,621)			-
Equity-settled share-based payments	-	-	1,063,598	-	-	1,063,598
Balance at 30 June 2021	**59,966,708**	**(51,325,679)**	**4,211,722**	**(6,478)**	**-**	**12,846,273**
Balance at 1 July 2021	**59,966,708**	**(51,325,679)**	**4,211,722**	**(6,478)**	**-**	**12,846,273**
Comprehensive income						
Loss for the year	-	(14,335,100)	-	-	7,452	**(14,327,648)**
Exchange differences on translating foreign operations	-	1,098	-	(980)	-	**118**
Total comprehensive loss for the year	**-**	**(14,334,002)**	**-**	**(980)**	**7,452**	**(14,327,530)**
Transactions with owners in their capacity as owners						
Shares issued during the year	4,453,343	-	-	-	-	4,453,343
Share issue costs	(245,903)	-	-	-	-	(245,903)
Transfer balance of share option reserve on exercise of options	119,984	-	(119,984)	-	-	-
Options issue costs	-	-	(575)	-	-	(575)
Equity settled share-based payments	-	-	378,563	-	-	378,563
Balance at 30 June 2022	**64,294,132**	**(65,659,681)**	**4,469,726**	**(7,458)**	**7,452**	**3,104,171**

The accompanying notes form part of these consolidated financial statements.

NUHEARA LIMITED
ABN 29 125 167 133

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,001,610	8,845,545
Interest received		1,987	6,346
Grants and rebates received		1,819,178	1,968,322
Other income		42,281	7,079
Payments to suppliers and employees		(15,144,277)	(14,896,178)
Interest and other costs of finance paid		(22,439)	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	30	**(9,301,660)**	**(4,068,886)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of assets held for sale		-	143,595
Payments for plant and equipment		(93,463)	(58,012)
Payment for the acquisition of intangibles		(4,451,679)	(3,906,858)
		(4,545,142)	**(3,821,275)**
CASH FLOWS FROM FINANCING ACTIVITES			
Proceeds from borrowings net of transaction costs		5,748,906	-
Repayment of borrowings		(1,508,529)	(210,000)
Proceeds from share and option issues		2,986,700	11,809,083
Share raising costs		(246,477)	(863,277)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**6,980,600**	**10,735,806**
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		**(6,866,202)**	**2,845,645**
Cash and cash equivalent at beginning of the financial year		7,276,355	4,430,710
Effect of foreign exchange rate changes		31,372	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**441,525**	**7,276,355**

The accompanying notes form part of these consolidated financial statements.

It is important to read the following definitions to assist with understanding this report. For the purposes of this report:

Nuheara IP Pty Ltd or **Company** refers to the Company purchased by Nuheara Limited on 25 February 2016. As required by Australian Accounting Standard AASB 3*: 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. While the financial statements are headed with the legal acquirer, Nuheara Limited, the consolidated financial statements presented are a continuation of those of the accounting acquirer, Nuheara IP Pty Ltd.

Nuheara Limited or **Listed Entity** 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 Nuheara IP Pty Ltd has been treated as the acquirer for accounting purposes in the consolidated 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.

The financial report for Nuheara Limited for the year ended 30 June 2022 was authorised for issue in accordance with a resolution by the Board of Directors.

Nuheara Limited is incorporated in Australia and is a listed public Company whose shares are publicly traded on the Australian Securities Exchange (ASX). Its registered office and principal place of business is located at 190 Aberdeen Street, Northbridge, Western Australia.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

Material accounting policies adopted in the preparation of these consolidated financial statements are presented below and have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

Except for cash flow information, the consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

Material uncertainty relating to going concern

For the year ended 30 June 2022 the Group has incurred a loss of $14,327,648 and incurred net operating cash outflows of $9,270,287. As disclosed in Note 19 *Events Occurring After Balance Date* the Group has raised $1.7 million through a placement to Realtek. In addition, $2.5 million will be received in October on finalisation of a convertible note to Realtek. The financial liability owed to Healthcare 2020 recognised at $1,854,240 as at 30 June 2022 has been derecognised through issue of shares.

The Directors remain committed to the long-term business plan that is contributing to improved results as the business progresses from start-up phase into a more established business operation. The Directors believe there are reasonable grounds to believe that the Group will be able to continue as a going concern after consideration of the following factors:

- Release of new products over the course of the next 12-months in response to the 510(k) submission and FDA medical device certification;
- Growth in omni-channel sales (DTC, traditional retail and OEM partnerships);
- The Group is managing its cash flow and negotiating with creditors as needed;
- Active management of the current level of discretionary expenditure in line with the funds available to the Group; and
- Raising additional working capital through the issue of debt or equity securities and/or other funding.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Material uncertainty relating to going concern (continued)

Due to the risks inherent in executing the plans outlined above there is a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and to be able to pays its debts as and when they fall due, and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

Critical accounting estimates

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 21.

New and Amended Accounting Policies Adopted by the Group

AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.* Effective for annual reporting periods beginning on or after 1 January 2022.

This Standard amends a number of standards as follows:

- AASB 3 Business Combinations to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;
- AASB 9 Financial Instruments to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- AASB 116 Property, Plant and Equipment to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets to specify the costs that an entity includes when assessing whether a contract will be loss-making.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The directors have decided not to early-adopt any of the new and amended pronouncements.

ASB 2021-2: *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2). Effective for annual reporting periods beginning on or after 1 January 2023.

This Standard amends a number of standards as follows:

- AASB 7: Financial Instruments: Disclosures to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101: Presentation of Financial Statements to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134: Interim Financial Reporting to identify material accounting policy information as a component of a complete set of financial statements; and
- AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

No impact on reported financial performance or position and the amendments would leads to reductions in quantum of accounting policies disclosures to focus on key decision areas and material policies only.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

AASB 2020-1: *Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current*.
AASB 2020-6: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*. Effective for annual reporting periods beginning on or after 1 January 2023.

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

The Group is currently assessing the impact the amendments will have on current practice and consider the appropriate classification of liabilities as current or non-current.

2014–10: *Sale or contribution of Assets between an Investor and its Associate or Joint Venture.*
AASB 2021-7c: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.* Effective for annual reporting periods beginning on or after 1 January 2025.

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2021-7c defers the effective date of AASB 2014-10 to 1 January 2025.

The amendments are not expected to have a material impact on the Group.

(b) Business combinations

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired, and liabilities assumed (including contingent liabilities) is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(c) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(d) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(f) Intangible assets

Research and development

Research phase

No intangible asset arising from research (or from the research phase of an internal project) is recognised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when incurred.

Development phase

An intangible asset arising from development (or from the development of an internal project) is recognised if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs include costs directly attributable to the development activities. Development costs not capitalised are recognised as an expense when incurred.

Following initial recognition, the Group will adopt the cost model. As a result, any development costs carried forward will be carried forward at its cost less any accumulated amortization and any accumulated impairment losses.

Capitalised development costs have a finite useful life and are amortised on a straight-line basis over 2.5 years.

(g) Patents and trademarks

Patents and Trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

Patents and trademarks are amortised on a straight-line basis over 10 years.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(k) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss (FVTPL).

Amortised cost and the effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.
Interest income is recognised in profit or loss and is included in *Other income*.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Classification of financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL. Specifically, investments in equity instruments are classified as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in *Other income*. Fair value is determined in the manner described in Note 8.

(l) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the General and administrative line item; and
- For financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the General and administrative line item as part of the fair value gain or loss.

(m) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on trade receivables and contract assets. The amount of expected credit losses (ECL) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

(n) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(o) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(p) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(q) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.
Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments, including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the financial liability, or, where appropriate, a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of AASB 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

(s) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Foreign controlled entities

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period;
- retained earnings are translated at the exchange rates prevailing at the date of the transaction; and
- exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the Consolidated Statement of Financial Position. These differences are recognised in profit or loss in the period when a foreign operation is disposed.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Plant and equipment

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment and is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at the end of each annual reporting period.

The following depreciation rates that are used in the calculation of depreciation:

- Office equipment - 10% - 25%
- Plant and Equipment - 15%
- Leasehold improvements - 40%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

(u) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing selling and distribution.

(v) Principles of consolidation

On 25 February 2016, Nuheara Limited acquired all of the issued shares of Nuheara IP Pty Ltd, resulting in Nuheara IP Pty Ltd becoming a wholly owned subsidiary of Nuheara Limited. The acquisition resulted in the original shareholders of Nuheara IP Pty Ltd holding a controlling interest in Nuheara Limited (formerly known as Wild Acre Metals Limited). Pursuant to AASB 3: *Business Combinations*, this transaction represents a reverse acquisition with the result that Nuheara IP Pty Ltd was identified as the acquirer, for accounting purposes, of Nuheara Limited (the "acquiree" and "legal parent"). Wild Acre Metals Limited was not considered a business as it only held disposal groups in Australia and Peru.

Accordingly, in the year to 30 June 2016 it was treated as an asset purchase and the excess consideration paid was disclosed as listing costs.

A list of controlled entities is contained in Note 28.

(w) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.
Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.
The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Revenue recognition

Revenue from the sale of goods is recognised when the Group has delivered the products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

These products are sold under standard warranty terms. These terms may require the Group to provide a refund for faulty products. The Group's obligation to provide a refund for these faulty products is recognised as a provision in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets*.

A receivable is recognised when the goods are delivered. The Group's right to consideration is deemed unconditional at this time, as only the passage of time is required before payment of that consideration is due. There is no significant financing component because sales are made within a credit term of 30 to 90 days.

Customers have a right to return products within 30 days as stipulated in the current contract terms. At the point of sale, a refund liability is recognised based on an estimate of the products expected to be returned, with a corresponding adjustment to revenue for these products. Consistent with the recognition of the refund liability, the Group further has a right to recover the product when customers exercise their right of return, so consequently the Group recognises a right to returned goods asset and a corresponding adjustment is made to cost of sales. Historical experience of product returns is used to estimate the number of returns using the expected value method. It is considered highly probable that significant reversal in the cumulative revenue will not occur given the consistency in the rate of return presented in the historical information.

Revenue from services rendered is recognised over time as services are delivered. Payment for services is collected within a short period following the transfer of control or commencement of delivery of services (usually within 90 days), as applicable.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the sale of tenement interests is recognised at the time of the transfer of the significant risks and rewards of ownership.

All revenue is stated net of the amount of goods and services tax.

(y) Provisions

Warranty provisions

Provision is made in respect of the Group's best estimate of the liability on all products under warranty at the end of the reporting period. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to historical averages for warranty claims.

(z) Share-based payments

Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is recognised on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Taxes

Income Tax

The income tax expense income for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit, or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods, in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ab) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. RESTATEMENT OF COMPARATIVES

In preparing the 30 June 2022 financial statements the Group recognised that they required restatement. This included:

(a) Adjustments that have been made to the treatment of R&D Tax Offsets so that:
   (i) It is recognised in the year in which the associated expenditure has been made. This required an additional receivable of $1,395,004 being recognised as at 1 July 2020 (2021: $1,743,028).
   (ii) As at 1 July 2020 a deferred income liability of $1,729,850 (2021: $1,829,850) has been recognised to match the recognition of the income with the associated amortisation of the intangible asset on which the expenditure associated with the R&D Tax Offset has been granted for.
   (iii) After adjusting for the items above there is a $334,846 increase in other income in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021.
   (iv) There has been a $334,846 change for this item in accumulated losses as at 1 July 2020 (2021: $1,257,918).

(b) Accounting for share-based payments (unquoted options) has been restated for incorrect inputs into valuation models, amortisation expense over the vesting period was not being recognised correctly, share-based payments that had fully vested and had expired were being recognised as a benefit in the profit or loss when no benefit should have been recognised, and various other issues with the misapplication of AASB 2 *Share-based payments*. The adjustments associated with these items are:
   (i) The share option reserve has been increased by $2,680,472 as at 1 July 2020, this has been further increased by $874,977 to $4,211,722 as at 30 June 2021.
   (ii) Expenses associated with share-based payments have increased in the year ended 30 June 2021 by 494,299.
   (iii) Accumulated losses have increased by $2,680,472 as at 1 July 2020 (2021: $771,447) for these adjustments.

(c) Intangible assets have been increased to capitalise the cost of share-based payments which were granted to employees. The adjustments are as follows:
   (i) Intangible assets have increased by $37,003 as at 1 July 2020 (2021: $284,256).
   (ii) Amortisation has increased by $218,516 in the year ended 30 June 2021.
   (iii) Accumulated losses have increased by $666,876 as at 1 July 2020 (2021: $885,392) for these adjustments.

(d) The cost of the options that were granted to Lind Global Macro Fund, LP as part of a convertible note arrangement had been expensed on grant date (3 February 2020), whereas they should have been offset against the convertible note liability and expensed using the effective interest rate.
   (i) An interest expense of $207,304 has now been recognised in the year ended 30 June 2021
   (ii) Financial liabilities as at 1 July 2021 have been reduced by $207,304 for the offsetting cost
   (iii) Accumulated losses have decreased by $207,304 as at 1 July 2020 for this adjustment.

(e) Issued capital has been adjusted for:
   (i) The capital raising cost associated with options issued to brokers as part of capital raisings of $625,972 as at 1 July 2020 has been recognised in issued capital that were previously being recognised in accumulated losses.
   (ii) A transfer between issued capital and the share option reserve has been made for share-based payments that have been exercised of $562,322 as at 1 July 2020 and a further adjustment of $188,620 as at 30 June 2021.
   (iii) Cumulatively the adjustments have decreased issued capital by $63,650 as at 1 July 2020 (2021: increase $124,971) as at 30 June 2021.

(f) The foreign currency translation reserve as at 30 June 2021 has been adjusted to increase the reserve by $123,878 and decrease the loss for the year then ended by $123,878. This was due to exchange differences being incorrectly transferred from accumulated losses to the foreign currency translation reserve in the consolidated statement of changes in equity.

(g) The cash flow statement has been restated for the year ended 30 June 2021 to remove the mining assets that were sold that should have been in investing activities rather than operating activities, increasing net cash outflows from operating activities from $3,925,291 to $4,068,886 and decreasing net cash outflows from investing activities from $3,964,870 to $3,821,277.

(h) Earnings per share has been restated for the impact of the restatements above and to remove the effect of anti-dilution.

(i) The cumulative adjustment to increase accumulated losses as at 1 July 2020 for the items above is $2,707,360 (2021: $3,521,967).

2. RESTATEMENT OF COMPARATIVES (continued)

A summary of the effect of the above matters in the financial years ended 30 June 2020 and 2021 is set out below:

Nature of restatements	NOTES	Financial Impact 30 June 2021 Net asset (decrease)/increase $	Financial Impact 30 June 2021 Accumulated losses (decrease)/increase $	Financial Impact 30 June 2020 Net asset (decrease)/increase $	Financial Impact 30 June 2020 Accumulated losses (decrease)/increase $
Valuation and treatment of unquoted options	(b)-(e)	567,190	567,190	(2,372,514)	(2,372,514)
Recognition of R&D Tax Offset income	(a)	(1,257,918)	(1,257,918)	(334,846)	(334,846)
Other	(f)	-	123,878	-	-
	(i)	**(690,728)**	**(566,850)**	**(2,707,360)**	**(2,707,360)**

These adjustments have been adopted by restating each of the affected financial statement line items for the prior periods as follows:

Statement of profit or loss and other comprehensive income

	NOTES	Reported 2021 $	Consolidated Adjustments 2021 $	Restated 2021 $
Revenue		10,741,421	-	10,741,421
Cost of revenue		(4,150,989)	(1,179)	(4,152,168)
Gross profit		**6,590,432**	**(1,179)**	**6,589,253**
Other income	(a)(iii) (b)(ii), (c)(ii), (d)(i),(f)	1,882,232	229,390	2,111,622
Other expenses		(15,673,345)	(918,939)	(16,592,284)
Total expenses		**(13,791,113)**	**(689,549)**	**(14,480,662)**
Loss before tax from continuing operations		**(7,200,681)**	**(690,728)**	**(7,891,409)**
Income tax expense		-	-	-
Net loss after tax from continuing operations		**(7,200,681)**	**(690,728)**	**(7,891,409)**
Total comprehensive loss attributable to:				
Equity holders		(7,200,681)	(690,728)	(7,891,409)
Non-controlling interests		-	-	-
Total comprehensive loss		**(7,200,681)**	**(690,728)**	**(7,891,409)**
Earnings per share				
Basic loss per share (cents per share)	(h)	(9.20)	(0.98)	(10.18)
Diluted loss per share (cents per share)	(h)	(9.00)	(1.18(	(10.18)

2. RESTATEMENT OF COMPARATIVES (continued)

Statement of financial position

	NOTES	Reported 2020 $	Consolidated Adjustments 2020 $	Restated 2020 $
CURRENT ASSETS				
Cash and cash equivalents		4,430,710	-	4,430,710
Trade and other receivables	(a)(i)	1,566,874	1,395,004	2,961,878
Inventory		411,604	-	411,604
Assets held for sale		153,544	-	153,544
TOTAL CURRENT ASSETS		**6,562,732**	**1,395,004**	**7,957,736**
NON-CURRENT ASSETS				
Plant and equipment		387,916	-	387,916
Right of use asset		27,271	-	27,271
Other assets		5,063	-	5,063
Intangible assets	(c)(i)	4,879,857	37,003	4,916,860
TOTAL NON-CURRENT ASSETS		**5,300,111**	**37,003**	**5,337,114**
TOTAL ASSETS		**11,862,843**	**1,432,007**	**13,294,850**
CURRENT LIABILITIES				
Trade and other payables		2,619,278	-	2,619,278
Financial liabilities		27,271	-	27,271
Provisions		438,266	-	438,266
TOTAL CURRENT LIABILITIES		**3,084,815**	**-**	**3,084,815**
NON-CURRENT LIABILITIES				
Financial liabilities	(d)(ii)	2,508,843	(207,304)	2,301,539
Deferred income	(a)(ii)	-	1,729,850	1,729,850
Provisions		49,623	-	49,623
TOTAL NON-CURRENT LIABILITIES		**2,558,466**	**1,522,546**	**4,081,012**
TOTAL LIABILITIES		**5,643,281**	**1,522,546**	**7,165,827**
NET ASSETS		**6,219,562**	**(90,538)**	**6,129,024**
EQUITY				
Issued capital	(e)(iii)	46,295,932	(63,650)	46,232,282
Share option reserve	(b)(i)	656,273	2,680,472	3,336,745
Other reserves		25,518	-	25,518
Accumulated losses	(i)	(40,758,161)	(2,707,360)	(43,465,521)
TOTAL EQUITY		**6,219,562**	**(90,538)**	**6,129,024**

2. RESTATEMENT OF COMPARATIVES (continued)

Statement of financial position

	NOTES	Reported 2021 $	Consolidated Adjustments 2021 $	Restated 2021 $
CURRENT ASSETS				
Cash and cash equivalents		7,276,355	-	7,276,355
Trade and other receivables	(a)(i)	1,620,729	1,743,028	3,363,757
Inventory		1,099,077	-	1,099,077
TOTAL CURRENT ASSETS		**9,996,161**	**1,743,028**	**11,739,189**
NON-CURRENT ASSETS				
Plant and equipment		229,996	-	229,996
Other assets		1	-	1
Intangible assets	(c)(i)	5,046,647	284,256	5,330,903
TOTAL NON-CURRENT ASSETS		**5,276,644**	**284,256**	**5,560,900**
TOTAL ASSETS		**15,272,805**	**2,027,284**	**17,300,089**
CURRENT LIABILITIES				
Trade and other payables		1,573,665	-	1,573,665
Provisions		940,997	-	940,997
TOTAL CURRENT LIABILITIES		**2,514,662**		**2,514,662**
NON-CURRENT LIABILITIES				
Deferred income	(a)(ii)	-	1,848,484	1,848,484
Provisions		90,670	-	90,670
TOTAL NON-CURRENT LIABILITIES		**90,670**	**1,848,484**	**1,939,154**
TOTAL LIABILITIES		**2,605,332**	**1,848,484**	**4,453,816**
NET ASSETS		**12,667,472**	**178,801**	**12,846,273**
EQUITY				
Issued capital	(e)(iii)	59,841,737	124,971	59,966,708
Share option reserve	(b)(i)	759,803	3,451,919	4,211,722
Other reserves	(f)	(130,356)	123,878	(6,478)
Accumulated losses	(i)	(47,803,712)	(3,521,967)	(51,325,679)
TOTAL EQUITY		**12,667,472**	**178,801**	**12,846,273**

3. INCOME TAX

	2022 $	2021 $
Income tax expense		
Current income tax	-	-
Deferred income tax	-	-
Income tax expense	**-**	**-**

Numerical reconciliation of income tax expense to prima facie tax payable

Numerical reconciliation of income tax expense to prima facie tax payable	2022 $	2021 $
Loss from continuing operations before income tax expense	(14,552,844)	(7,994,940)
Loss before tax from disposal group	-	-
Loss before income tax	(14,552,844)	(7,994,940)
Tax credit at the Australian tax rate of 25% (2021: 27.5%)	(3,3638,211)	(2,198,608)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	105,792	200,593
Non assessable-non-exempt income related expenditure/(income)	(51,850)	(52,152)
Temporary differences	192,046	973,140
Tax loss not brought to account as a deferred tax asset	3,404,642	1,474,403
R&D Tax Offset	-	(383,626)
Non-assessable income	-	(13,750)
Income tax expense	**12,419**	**-**

Unrecognised deferred tax assets/(liabilities)

Unrecognised temporary differences	2022 $	2021 $
Unrecognised deferred tax (liability) relates to the following:		
Interest receivable	-	(225)
Prepayments	(84,470)	(115,807)
Property, plant & equipment	(33,262)	-
Convertible note	67,710	-
R&D grant liability	(1,775,892)	(1,508,131)
Foreign exchange	(15,648)	99,170
Software development costs	4,247,221	3,537,125
Trade and other payables	7,344	7,425
Right of use asset	1,267	-
Borrowing costs	-	7,240
Employee benefits	130,417	144,653
Provisions	60,297	142,207
Business related costs	488,470	415,463
Capital losses	467,145	2,736
Tax losses	12,942,931	10,794,758
Potential unrecognised deferred tax asset @ 25% (2021: 27.5%)	**16,724,877**	**14,005,786**

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

4. REVENUE AND OTHER INCOME

	2022 $	Restated 2021 $
Revenue		
Revenue from sales of products	3,865,582	6,474,905
Revenue from Original Equipment Manufacturer (OEM) sales and service	-	4,266,516
Total revenue	**3,865,582**	**10,741,421**
Other Income		
Interest income	1,170	8,279
Grant income	179,580	618,904
Amortisation - R&D tax offset	1,619,456	1,487,308
Sale of mining interests	69,677	(9,948)
Sundry income	42,281	7,079
Total other income	**1,912,164**	**2,111,622**

5. EXPENSES

	2022 $	2021 $
Employee benefits		
Defined contribution plans (superannuation)	339,974	284,683
Equity-settled share-based payments (unquoted options)	185,808	597,829
Salary and wages	3,837,786	2,841,236
Other employee benefits	370,936	362,671
Total employee benefits	**4,734,504**	**4,086,419**
Finance costs		
Interest on loans	54,000	-
Interest on convertible loans	270,840	508,461
Interest on lease liabilities	5,148	-
Other finance costs	5,377	1,199
Total finance costs	**335,365**	**509,660**
Depreciation and amortisation		
Depreciation on property, plant and equipment	147,613	215,935
Depreciation on right-of use assets	151,828	27,275
Amortisation of intangible assets	4,126,612	3,958,583
Total depreciation and amortisation	**4,426,053**	**4,201,793**
Other (gains)/losses		
Net foreign exchange (gains)/losses	**(30,693)**	358,800
(Gain)/loss on embedded derivative associated with convertible note	**(53,823)**	92,520

6. TRADE AND OTHER RECEIVABLES

	2022 $	Restated 2021 $
Trade receivables	157,564	280,906
R&D Tax Offset receivable	2,049,329	1,743,028
Prepayments	341,781	426,344
Supplier payments in advance	295,249	786,680
GST receivable	163,030	91,550
Other receivables	294	35,249
	3,007,247	**3,363,757**

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been individually assessed based on credit risk characteristics. The expected credit losses also incorporate forward-looking information.

Credit risk – trade and other receivables

The Group has no significant credit risk with respect to any single counterparty. The class of assets described as trade and other receivables is considered to be the main source of credit risk related to the Group. The trade and other receivables as at 30 June are considered to be of low credit risk.

7. INVENTORIES

	2022 $	2021 $
Raw materials - at lower of cost or net realisable value	899,162	262,268
Finished goods - at lower of cost or net realisable value	2,455,848	836,809
	3,355,010	**1,099,077**

Included in cost of goods sold is $713,901 ($412,871) in respect of write downs of inventory to net realisable value.

8. FINANCIAL ASSETS HELD AT FAIR VALUE

	2022 $	2021 $
Financial assets held at fair value	**69,677**	-

The Group held 17,959 shares in Vox Royalty Corp (TSX-V:VOX) at 30 June 2022. The shares are subject to a voluntary escrow period of 4 months and 1 day, expiring on 12 October 2022. It is the Group's intention to dispose of the shares when they are released from escrow and, accordingly, are deemed a current asset held for sale valued at fair value.

The Group measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in Other Comprehensive Income, there is no subsequent reclassification of fair value gains and losses to the Consolidated Income Statement following the derecognition of the investment. Changes in the fair value of financial assets are recognised in other gains/(losses) in the Consolidated Income Statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value in Other Comprehensive Income are not reported separately from other changes in fair value.

9. PLANT AND EQUIPMENT

	2022 $	2021 $
Plant and equipment – at cost	1,356,166	1,277,161
Less: accumulated depreciation	(1,180,320)	(1,047,165)
Total plant and equipment	**175,846**	**229,996**

	2022 $	2021 $
Opening balance - plant and equipment	229,996	387,916
Additions	94,664	58,060
Disposals	(1,226)	-
Depreciation	(147,588)	(215,980)
Closing balance – plant and equipment	**175,846**	**229,996**

10. RIGHT OF USE ASSET

The Group's lease portfolio includes a building. The building lease has an average of 2 years as its lease term.

Options to extend or terminate

There are no extension options for the building lease.

(i) Lease related amounts recognised in the Consolidated Statement of Financial Position	2022 $	2021 $
Right of use assets		
Leased building	546,582	190,927
Less: accumulated depreciation	(151,828)	(190,927)
Closing balance	**394,754**	**-**

(ii) Lease related amounts recognised in the Consolidated Statement of Profit or Loss	2022 $	2021 $
Depreciation charge related to right-of-use assets	**167,011**	27,275
Interest expense on lease liabilities (under finance cost)	**5,148**	1,195

(iii) Lease related amounts recognised in the Consolidated Statement of Cash Flows	2022 $	2021 $
Total yearly operating cash outflows for leases	**151,983**	27,275

11. INTANGIBLE ASSETS

	2022 $	Restated 2021 $
Development costs – at cost	**22,626,545**	17,960,458
Less: accumulated amortisation and impairment losses	**(17,530,207)**	(13,505,858)
Net carrying amount	**4,887,532**	4,454,600
Patents & Trademarks – at cost	**1,096,455**	1,118,108
Less: accumulated amortisation and impairment losses	**(344,068)**	(241,805)
Net carrying amount	**752,387**	876,303
Total intangible assets	**5,848,725**	**5,330,903**

	Development Costs $	Patents & Trademarks $	Total $
Balance as at 1 July 2020 (Restated)	4,164,202	752,658	4,916,860
Balance as at 30 June 2021	**4,454,600**	**876,303**	**5,330,903**
Additions – internally developed	4,666,087	(21,653)	4,644,434
Amortisation charge	(4,024,349)	(102,263)	(4,126,612)
Balance as at 30 June 2022	**5,096,338**	**752,387**	**5,848,725**

12. TRADE AND OTHER PAYABLES - CURRENT

	2022 $	2021 $
Trade creditors	2,318,324	591,270
Unearned Income[(1)]	13,654	37,432
Other creditors and accrued expenses	1,177,878	944,964
	3,631,788	**1,573,666**

(1) Unearned income represents sales that cannot be recognised as revenue until shipped.

13. FINANCIAL LIABILITIES

	2022 $	2021 $
CURRENT		
Short term loan[(1)]	1,151,478	-
Lease liability	184,599	-
Insurance premium funding	148,276	-
	1,484,353	**-**

	2022 $	2021 $
NON-CURRENT		
Lease liability	215,223	-
Convertible note[(2)]	1,854,240	-
	2,069,463	**-**

(1) Short term loan

On 6 April 2022, Nuheara entered into a loan agreement with Innovation Structure Finance Co., LLC (Radium Capital) under which Nuheara is entitled to receive funding of up to 80% of its presently earned R&D tax incentive rebate (R&D Tax Offset) in respect of the financial year ended 30 June 2022 (R&D Tax Offset).

On 12 April 2022, the Group received funds of $1,118,052 representing 80% of its incurred expenses for the period 1 July 2021 to 28 February 2022. The loan has an interest rate of 14% pa. At 30 June 2022, interest accrued amounted to $34,426.

13. FINANCIAL LIABILITIES (continued)

(1) Short term loan (continued)

The loan is secured over the Group's right, title and interest in:

- the R&D Tax Offset, the proceeds of the R&D Tax Offset and Radium Capital's rights to apply for or obtain the R&D Tax Offset;
- any Claim that Nuheara may have against any party arising out of or in connection with the R&D Tax Offset, any application for a R&D Refund or any failure to generate or receive the R&D Tax Offset, including but not limited to, any claim or rights against Nuheara's tax agent, accountants or advisers; and
- all books and records of the Group relevant to the R&D Tax Offset, all advice provided by Nuheara's tax agent, accountants or advisers in relation to the R&D Tax Offset or any application of the R&D Tax Offset, all applications, filings or registrations with any Government Agency in relation to the R&D Tax Offset (or application thereof) or to the preparation or lodgment of Nuheara's tax return.

(2) Convertible Note

The Group entered into an 18-month $3 million share purchase agreement (Agreement) announced on 23 December 2021 by HealthCare 2030, LLC (the Investor), a US-based investment vehicle that invests solely in healthcare-related companies and is managed by Bergen Asset Management LLC (the Manager). The Manager is a decade-old institutional manager and manages funds which have an extensive history of successful investments in listed companies globally, including on the ASX and in the healthcare sector. The Manager is not a party to the Agreement, and as such, does not have any rights or obligations under the Agreement.

Under the Agreement the Investor agreed to invest $3,000,000 for $3,180,000 worth of Shares (Subscription Shares), by way of the Investor making a prepayment for Subscription Shares. The Company received the $3,000,000 subscription funds on 29 December 2021 (the Settlement) and pursuant to the Agreement, issued 9,375,000 Shares with a deemed issue price of $0.016 in satisfaction of a $150,000 fee payable to the Investor and 9,800,000 Shares with a deemed issue price of $0.017 per Share which may be credited towards the ultimate number of Subscription Shares to be issued. The Company subsequently issued 46,153,846 Subscription Shares with a deemed issue price of $0.013 per Subscription Share on 9 February 2022, towards the ultimate number of Subscription Shares to be issued under the Agreement, satisfying $600,000 of the $3,180,000 worth of Subscription Shares which the Investor is entitled to be issued.

Under the Agreement, the Company will issue the Subscription Shares, at the Investor's request, within 18 months of the date of the funding. The number of Subscription Shares to be issued will be determined by applying the Purchase Price (as detailed further below) to the subscription amount, but subject to a Floor Price (as detailed further below). The price at which the Investor could require the Subscription Shares (Purchase Price) to be issued was equal to $0.06 initially, representing a premium of approximately 216% to the closing price of the Company's shares on 22 December 2021. Subject to the Floor Price described below, following 22 January 2022, the Purchase Price reset to the average of the five daily volume-weighted average prices selected by the Investor during the 20 consecutive trading days immediately prior to the date of the Investor's notice to issue shares, less a 5% discount (or a 7.5% discount if the Subscription Shares are issued after the first anniversary of the initial placement) (rounded down to the nearest one tenth of a cent if the share price is at 10 cents or below, half a cent if the share price is at above 10 cents and at 20 cents or below, or whole cent if the share price is above 20 cents). The Purchase Price is, nevertheless, the subject of the floor price of $0.01 (Floor Price). If the Purchase Price formula results in a price that is less than the Floor Price, and provided that the average of the daily VWAPs for the two consecutive actual trading days immediately prior to the notice is less than the Floor Price, and no event of default has occurred, the Company may forego issuing shares and instead opt to repay the applicable subscription amount in cash (with a 5% premium), subject to the Investor's right to receive Subscription Shares at the Floor Price in lieu of such cash repayment. The Purchase Price is not the subject of a cap.

The Company also has the right (but no obligation) to forego issuing shares in relation to the Investor's request for issuance and instead opt to repay the subscription amount by making a payment to the Investor equal to the greater of the Purchase Price or the average of the daily VWAPs for the two consecutive actual trading days prior to receipt of the request.

On 27 June 2022, Healthcare 2030 issued a final subscription notice for the remaining shares under the Subscription Agreement entered into in December 2021. The issue of the shares finalised the agreement with Healthcare 2030 (refer Note 19 Events occurring after balance date).

14. DEFERRED INCOME

	2022 $	2021 $
R&D Tax Offset deferred liability – cost at 1 July 2021	9,278,496	7,332,597
Less: accumulated amortisation	(7,103,569)	(5,484,113)
At 30 June 2022	**2,174,927**	**1,848,484**

15. PROVISIONS

	2022 $	2021 $
CURRENT		
Employee provisions	**443,572**	**437,060**
Provision for refunds and warranty claims		
At 1 July 2021	503,937	124,427
Additional provision in the year	6,976	379,510
Utilisation of provision	(271,516)	-
At 30 June 2022	**239,397**	**503,937**
Total Provisions	**682,969**	**940,997**

	2022 $	2021 $
NON-CURRENT		
Employee provisions	**132,693**	**90,670**

16. ISSUED CAPITAL

Ordinary shares	2022 $	Restated 2021 $
Issued and paid-up capital		
103,198,611 (2021: 1,723,004,193) Ordinary shares, fully paid	**64,294,132**	**59,966,708**

Movements during the period:	Number of Shares 2021	Restated 2021 $
Opening balance at 1 July 2020	**1,359,811,585**	**46,232,282**
10 July 2020 - 10,000,000 collateral shares purchased under Convertible Note funding agreement at $0.011 (shares issued in January 2020)	-	110,000
14 July 2020 - 10,000,000 collateral shares purchased under Convertible Note funding agreement at $0.011 (shares issued in January 2020)	-	110,000
5 August 2020 – shares issued by way of conversion under Convertible Note funding agreement at $0.023	8,695,653	200,000
21 August 2020 – shares issued on exercise of options at $0.025	2,666,667	66,667
24 August 2020 – shares issued by way of conversion under Convertible Note funding agreement at $0.035	20,000,000	700,000
31 August 2020 – shares issued on exercise of options at $0.025	353,333	8,833
1 October 2020 – shares issued on exercise of options at $0.025	537,880	4,167
21 October 2020 - shares issued by way of conversion under Convertible Note funding agreement at $0.043	8,139,535	350,000
2 November 2020 – shares issued on exercise of options at $0.025	50,000	1,250
20 November 2020 - shares issued by way of conversion under Convertible Note funding agreement at $0.037	6,756,757	250,000
1 December 2020 – shares issued on exercise of options at $0.025	160,000	4,000
2 December 2020 – shares issued by way of conversion under Convertible Note funding agreement at $0.037	6,756,757	250,000
6 January 2021 – shares issued on exercise of options at $0.025	159,360	-
6 January 2021 – shares issued by way of conversion under Convertible Note funding agreement at $0.040	21,250,000	850,000
7 January 2021 – shares issued by way of share placement at $0.040 each	287,500,000	11,500,000
3 May 2021 – shares issued on exercise of options at $0.025	166,667	4,167
Less: Share issue costs	-	(674,658)
Closing balance as at 30 June 2021	**1,723,004,193**	**59,966,708**

16. ISSUED CAPITAL (continued)

Movements during the period	Number of Shares 2022	2022 $
Opening balance at 1 July 2021	**1,723,004,193**	**59,966,708**
6 July 2021 – shares issued on exercise of options @ $0.025	1,709,120	37,500
9 July 2021 – shares issued under Salary Sacrifice Share Plan @ $0.0443	1,089,890	50,043
31 August 2021 – shares issued on exercise of options @ $0.025	1,000,000	25,000
4 October 2021 - shares issued on exercise of options @ $0.025	24,943	-
29 December 2021 – shares issued in satisfaction of the Company's obligation to pay a fee to Healthcare 2030 LLC under the Share Placement Agreement @ $0.016	9,375,000	150,000
29 December 2021 – shares issued by way of share placement to Healthcare 2030 LLC under Share Placement Agreement @ $0.016	9,800,000	166,600
31 December 2021 – shares issued by way of share placement @ $0.016	101,312,500	1,621,000
24 January 2022 - shares issued by way of share placement @ $0.016	66,700,000	1,067,200
7 February 2022 - shares issued by way of conversion under Convertible Note funding agreement at $0.013	46,153,846	600,000
26 April 2022 - shares issued by way of conversion under Convertible Note funding agreement at $0.011	45,454,545	500,000
6 May 2022 – share consolidation (1 share for every 20 shares held)	(1,905,342,091)	-
30 June 2022 – shares issued by way of share placement @ $0.12	2,916,665	350,000
Less: Share issue costs	-	(484,873)
Closing balance as at 30 June 2022	**103,198,611**	**64,049,178**

Holders of ordinary shares

Holders of ordinary shares have the right to receive dividends as declared, and in the event of winding up the Group, 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.

Unquoted Options	2022 $	Restated 2021 $
Issued unquoted options 4,391,283 (2021: 69,318,038 pre-consolidation / 3,450,908 post-consolidation)	**4,469,726**	4,211,722

Description	Number	Grant Date	Exercise Price	Expiry Date	Weighted Average time until expiry
Unquoted Options	1,213,236	03/02/2020	$1.00	03/02/2024	19 months
Unquoted Options	187,500	04/06/2020	$0.52	04/06/2023	11 months
Unquoted Options	50,000	21/08/2020	$0.50	21/08/2023	14 months
Unquoted Options	100,000	21/08/2020	$1.00	21/08/2023	14 months
Unquoted Options	100,000	21/08/2020	$2.00	21/08/2023	14 months
Unquoted Options	743,669	21/08/2020	$0.50	21/08/2023	14 months
Unquoted Options	300,000	10/07/2020	$0.50	21/08/2023	14 months
Unquoted Options	175,000	2/03/2021	$0.87	02/03/2024	20 months
Unquoted Options	550,000	31/08/2021	$0.68	31/08/2024	26 months
Unquoted Options	100,000	4/01/2022	$0.37	02/03/2023	30 months
Unquoted Options	250,000	28/04/2022	$0.48	28/04/2025	34 months
Unquoted Options	546,878	28/04/2022	$0.56	28/10/2023	16 months
Unquoted Options	75,000	03/06/2022	$0.153	28/10/2023	35 months
Total Unquoted Options	**4,391,283**				**19 months**

For information relating to share options issued to KMP and contractors including details of options issued, exercised and lapsed during the financial year, refer to Note 29 Share Based Payments.

16. ISSUED CAPITAL (continued)

Unquoted Options (continued)

Movements during the period for number of options	Number of Options 2021	Restated 2021 $
Balance unquoted options at 1 July 2020	**46,514,706**	**3,336,745**
10 July 2020 – issue of director options @ $0.025	6,000,000	-
21 August 2020 – issue of director options @ $0.025	2,000,000	-
21 August 2020 – issue of director options @$0.050	2,000,000	-
21 August 2020 – issue of director options @ $0.010	2,000,000	-
21 August 2020 – issue of employee options @ $0.025	29,200,000	-
2 March 2021 – issue of employee options @ $0.0435	5,000,000	-
Less: Options exercised/forfeited/cancelled	(23,396,668)	-
Movement in valuation of options issued	-	874,977
Balance unquoted options at 30 June 2021 (pre-consolidation)	**69,318,038**	**4,211,722**
Balance unquoted options at 30 June 2021 (post-consolidation)	**3,450,908**	**4,211,722**

Movements during the period for number of options	Number of Options 2022	2022 $
Balance unquoted options at 1 July 2021	**69,318,038**	**4,211,722**
31 August 2021 – issue of employee options at $0.0341	12,000,000	-
4 January 2022– issue of employee options at $0.0183	2,500,000	-
28 April 2022– issue of investor relations options at $0.024	5,000,000	-
28 April 2022– issue of broker options at $0.028	10,937,500	-
Less: Options exercised/forfeited/cancelled	(10,479,999)	-
6 May 2022 – share consolidation (1 option for every 20 options held)	(84,934,256)	-
3 June 2022– issue of employee options at $0.153	75,000	-
Less: Options exercised/forfeited/cancelled	(25,000)	-
Movement in valuation of options issued	-	258,579
Less: Option issue costs	-	(575)
Balance unquoted options at 30 June 2022	**4,391,283**	**4,469,726**

Capital Management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure to ensure the lowest costs of capital available to the Group.

The Group's capital comprises equity and options as shown in the Consolidated Statement of Financial Position. The Group is not exposed to externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

17. OPERATING SEGEMENTS

Nuheara Limited, Nuheara IP Pty Ltd and Nuheara, Inc are operating within the hearing health 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.

There is one (2021: one) customer that accounted for over 10% of revenue, this customer makes up 21% (2021: 45%) of revenue.

18. RELATED PARTY DISCLOSURES

Key Management Personnel (KMP)

Any person(s) having authority and responsibility for planning, directing or controlling the activities of the Group, directly or indirectly (whether executive or otherwise) of that Group, are considered KMP. For details of disclosures relating to KMP refer to Note 25, Interests of KMP.

Transactions with director related entities

During the year, there were no transactions with director related entities.

19. EVENTS OCCURRING AFTER BALANCE DATE

Strategic Partnership and new Cornerstone Investment with Realtek Semiconductor Corporation

In July 2022, the Company announced that it had entered into a strategic partnership (Partnership) and cornerstone investment from Taiwan based Realtek Semiconductor Corporation (Realtek).

By way of a signed Memorandum of Understanding, Nuheara and Realtek will partner together to develop chipset (Integrated Circuits or ICs) and technology solutions to globally penetrate multiple hearing related markets. These include the global True Wireless Stereo (TWS) with Personal Sound Amplification Product (PSAP) chipset market and the regulated OTC hearing aid market.

Underpinning the Partnership is a placement of 14,166,667 ordinary shares at $0.12 for a total of $1.7 million. Funds will be used for product research and development, Medical Device/Hearing Aid market and regulatory development, and working capital. Nuheara remains in discussion with Realtek regarding further funding opportunities.

The Partnership will initially help Nuheara to deliver its next generation of hearing aid products by integrating Realtek's advanced chipset. With this experience, the Partnership will expand to co-developing TWS PSAP chipset and technology solutions for the broader consumer electronics market. Components of Nuheara's Intellectual Property (IP) including smart hearing processing and self-fit technology are planned to be embedded on Realtek ICs, for which Nuheara will receive a to be agreed royalty fee for each IC sold. Nuheara will also offer Realtek customers full earbud design and manufactured solutions for an agreed services fee per implementation.

Follow-on Funding from Realtek

On 8 September 2022, Nuheara announced the follow-on round of funding from Realtek. By way of a signed Convertible Note, Nuheara raised $2.5 million from Realtek, which follows the $1.7 million placement from Realtek on 1 July 2022. Funds will be used for product research and development, Medical Device/Hearing Aid market and regulatory development, and working capital. The Convertible Note was issued under the Company's Listing Rule 7.1 placement capacity.

Close Out of Subscription Agreement

On 27 June 2022, Healthcare 2030 issued a final subscription notice for the remaining shares under the Subscription Agreement entered into in December 2021. The issue of the shares finalised the agreement with Healthcare 2030.

US OTC Hearing Aid Market to Open for Nuheara

On 17 August 2022, the US FDA released its landmark final ruling, establishing a regulatory category for OTC hearing aids in the United States.

In a world first, and most significantly for Nuheara, the ruling allows hearing aids within the OTC category to be sold directly to consumers in stores or online without a medical exam or fitting by an audiologist. There is now a 60-day enactment period until the commencement of OTC hearing aid consumer retail sales are allowed, anticipated for mid-October 2022.

19. EVENTS OCCURRING AFTER BALANCE DATE (continued)

US OTC Hearing Aid Market to Open for Nuheara (continued)

This historical rule change will forever upend the hearing aid industry and unlock historical barriers to entry for the estimated 38 million Americans who experience some hearing loss. Currently in the US, hearing aids are sold at an average cost of US$4,726 per pair and can be as much as US$10,000 or more per pair through licensed audiologist and licensed hearing aid retailers. Now, with the ability for those with perceived mild to moderate hearing loss to purchase OTC, this cost could come down lower than US$1,000 per pair of hearing aids.

Nuheara has been patiently waiting for, and anticipating, these guidelines for five years. This ruling is in complete alignment with Nuheara's strategy and one which the company has been focused on over the last 18 months. Nuheara is well positioned with our OTC hearing aids (pending FDA clearance), through our trademark license agreement with HP Inc. that will be initially available at Best Buy retail stores in the US. OTC hearing aids will become a significant part of Nuheara's future as the Company continues to innovate to bring new hearing products to market.

20. COMMITMENTS FOR EXPENDITURE

These amounts are payable, if required, over various times over the next five years.

Operating Lease Commitment

The Group has a rental agreement for office space in Western Australia, which is used as the Group's head office, this commenced 1 September 2021 for a period of 36 months.

Office Lease	**2022 $**	**2021 $**
Due within 1 year	187,319	29,173
Due 1 to 5 years	225,812	-

Inventory – advanced purchase orders for future production runs	**2022 $**	**2021 $**
Due within 1 year	-	10,809,440
Due 1 to 5 years	-	-

21. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of assets

The Group assesses impairment of its assets at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Where impairment has been triggered, assets are written down to their recoverable amounts. An impairment trigger includes operating losses and net cash outflows.

The ability of capitalised development costs to generate sufficient future economic benefits to recover the carrying amount is usually subject to greater uncertainty before the asset is available for use than after it is available for use. Judgement has been made in the estimation of future profitability and net cash flows in the assessment of fair value for capitalised development costs, and in the resulting determination that no impairment existed at balance date. Management acknowledges that a modest reduction in realised revenue growth against these forecasts may result in an impairment at a later date.

Estimated warranty costs

Provision is made in respect of the Group's best estimate of the liability on all products under warranty at the end of the reporting period. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to an industry average of warranty claims.

21. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Valuation of options

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 29.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 29.

Capitalisation of development costs

Under AASB 138: Intangible Assets, an entity is required to recognise an intangible asset if, and only if, certain criteria are met. Judgement has been made in the determination that research expenditure incurred during the year did not meet the definition of an intangible asset. The group has assessed the effective life of development assets to be 2.5 years.

Convertible Notes

The Group's convertible notes have been treated as a financial liability, in accordance with the principles set out in AASB 132. The key criterion for liability classification is whether there is an unconditional right to avoid delivery of cash for another financial asset to settle the contractual obligation. The terms and conditions applicable to the convertible notes require the Group to settle the obligation in either cash, or in the Company's own shares.

The notes are convertible into ordinary shares of the parent entity, at the option of the holder, or repayable in 24 months from draw-down date. The conversion rate is based on a variable formula subject to adjustments for share price movement. Management determined that these terms give rise to a derivative financial liability. The initial consideration received for the note was deemed to be fair value of the liability at the issue date. The derivative financial liability is subsequently recognised on a fair value basis at each reporting period.

Taxation

In assessing whether future taxable profits will be available to utilise temporary differences and losses, management review the past performance of the relevant entity, the budgets for the forthcoming financial year, sales forecasts and sales pipelines

Inventories net realisable value

In determining an estimate of inventories net realisable value requires a high degree of estimation and judgment. The net realisable value is assessed by using recent sales experience, forecast sales and the expected selling price.

22. FINANCIAL INSTRUMENTS

Overview

The Group has exposure to the following risks from their use of financial instruments:

- interest rate risk
- credit risk
- liquidity risk
- foreign exchange risk

This note presents information about the Group's exposure to each of the above risks.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established by the Board of Directors to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

22. FINANCIAL INSTRUMENTS (continued)

The Group's principal financial instruments are cash, short-term deposits, receivables, and payables.

Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

30 June 2022 Financial assets	Weighted Average Effective Interest Rate %	Interest Bearing $	Non-Interest Bearing $	Total $
Cash at bank	0.10%	344,480	97,045	**441,525**
Trade and other receivables	-	-	3,007,247	**3,007,247**
Total financial assets		**344,480**	**3,104,292**	**3,448,772**
Financial liabilities				
Trade and other payables		-	3,631,788	**3,631,788**
Short term loan	14%	1,151,478	-	**1,151,478**
Insurance Funding	0.01%	148,276	-	**148,276**
Lease liability		-	399,822	**399,822**
Convertible note		-	1,854,240	**1,854,240**
Total financial liabilities		**1,299,754**	**5,670,628**	**7,185,605**

30 June 2021 Financial assets	Weighted Average Effective Interest Rate %	Interest Bearing $	Non-Interest Bearing $	Total $
Cash at bank	0.25%	5,221,068	2,055,287	**7,276,355**
Trade and other receivables	-	-	3,363,757	**3,363,757**
Total financial assets		**5,221,068**	**5,419,044**	**10,640,112**
Financial liabilities				
Trade and other payables	-	-	1,573,665	**1,573,665**
Convertible note	-	-	-	**-**
Total financial liabilities		**-**	**1,573,665**	**1,573,665**

It is the Group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

Sensitivity analysis

If interest rates on cash balances had weakened/strengthened by 1% at 30 June 2022, there would be no material impact on the statement of profit or loss and other comprehensive income. There would be no material effect on the equity reserves, other than those directly related to the statement of profit or loss and other comprehensive income movements.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any allowances for doubtful debts, as disclosed in the Consolidated Statement of Financial Position and notes to the financial statements.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk is reviewed regularly by the Board.

22. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk (continued)

The Group manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The Group did not have any financing facilities available at reporting date.

The following are the contractual maturities of financial liabilities:

30 June 2022	< 6 months $	6-12 months $	1-5 years $	Total $
Liquid financial liabilities				
Trade and other payables	3,631,788	-	-	**3,631,788**
Short term loan	-	1,151,478	-	**1,151,478**
Insurance Funding	-	148,276	-	**148,276**
Convertible note	-	-	1,854,240	**1,854,240**
Total financial liabilities	**3,631,788**	**1,299,754**	**1,854,240**	**6,785,782**

30 June 2021	< 6 months $	6-12 months $	1-5 years $	Total $
Liquid financial liabilities				
Trade and other payables	1,573,665	-	-	**1,573,665**
Convertible note	-	-	-	**-**
Total financial liabilities	**1,573,66**	**-**	**-**	**1,573,665**

Net Fair Values

With the exception of convertible notes which are measured at fair value, due to the short-term nature of the above assets and liabilities, their carrying values are assumed to approximate their fair values.

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value, or future cash flows, of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments, which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the US dollar may impact on the Group's financial results unless those exposures are appropriately hedged.

It is the Group's policy that hedging is not necessary, as the Group does not hold funds of any significance in any other denomination than Australian dollars.

The foreign currency risk on net financial assets/(liabilities) in the books of the Group at balance date in 2021 is not material (2021: not material).

23. EARNINGS PER SHARE

	2022 Cents	Restated 2021 Cents
Basic loss per share (cents per share)	**(15.56)**	(10.18)
Diluted loss per share (cents per share)	**(15.56)**	(10.18)

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:

	2022 $	2021 $
Loss	(14,335,100)	(7,891,409)

	2022 No.	2021 No.
Weighted average number of ordinary shares – basic loss per share (cents per share)	92,112,710	77,484,996
Weighted average number of ordinary shares – diluted loss per share (cents per share)	92,110,710	77,484,996

23. EARNINGS PER SHARE (continued)

A share consolidation of 20 ordinary shares into 1 ordinary share of the Company was completed on 6 May 2022. The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for the share consolidation. The 2021 share numbers have been restated for the share consolidation of 20 ordinary shares to 1 ordinary share.

In addition, the 2021 diluted EPS has been restated to remove the effect of anti-dilution as required by AASB 133 *Earnings per Share*.

24. AUDITOR'S REMUNERATON

	2022 $	2021 $
Amounts received, or due and receivable by the current auditors for audit or review of the financial report**:**		
- Walker Wayland	27,000	47,500
- SW Audit	27,500	-
	47,500	**47,500**
Non audit services:		
- Walker Wayland	-	-
- SW Audit	-	-
	-	**-**

25. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's KMP.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2022 **$**	**2021** **$**
Short term benefits	1,264,149	1,253,822
Long-term benefits	2,139	24,352
Post-employment benefits	113,383	111,707
Share based payments - options	84,289	298,783
	1,463,960	**1,688,664**

26. CONTINGENT ASSETS AND LIABILITIES

Contingent Assets

The Group has rights to a US$450,000 asset payable in cash, following the registration of the El Molino royalty rights on the applicable mining tenement in Peru and the satisfaction of other customary completion conditions. No asset has been recognised within these financial statements because the proceeds are not virtually certain.

27. COMPANY DETAILS

Registered Office

The registered office is at 190 Aberdeen Street, Northbridge, Western Australia 6003.

Principal Place of Business

The principal place of business is at 190 Aberdeen Street, Northbridge, Western Australia 6003.

28. INFORMATION ABOUT CONTROLLED ENTITIES

The controlled entities listed below have share capital consisting solely of ordinary shares which are held directly. The proportion of ownership interests held equals the voting rights held by the Group. Each controlled entity's principal place of business is also its country of incorporation.

Name of Controlled Entity	Principal Place of Business	Ownership interest held by the Company		Proportion of non-controlling interest	
		2022	2021	2022	2021
Nuheara IP Pty Ltd	Perth, Australia	100%	100%	0%	0%
Nuheara, Inc	Washington, USA	100%	100%	0%	0%
Terrace Gold Pty Ltd	Perth, Australia	80%	80%	20%	20%
Nuheara (UK) Ltd	Perth, Australia	100%	-	0%	-
Nuheara (Canada) Inc	Perth, Australia	100%	-	0%	-

The Group holds an 80% interest in Terrace Gold Pty Ltd ("Terrace"). Terrace holds a 0.5% Net Smelter Royalty over the El Molino Gold Project and part of the El Galeno Copper Project located in Northern Peru, currently under contract for sale as set out in the Directors' Report: *Review of Operations: Agreement for the Sale of Non-Core Mining Asset.* Refer also Note 8 *Financial assets held at fair value*.

29. SHARE BASED PAYMENTS

Shares and options granted to KMP

During the financial year, no shares were granted to KMP (2021: nil) and 150,000 unquoted options were granted to KMP (2021: 750,000 (post consolidation)):

	Director Options	Employee Options
John Luna	-	**150,000**
Total	-	**150,000**

The shareholders approved an Incentive Option Plan on 14 August 2020, with the main objective to attract, motivate and retain key employees and provide selected employees with the opportunity to participate in the future growth of the Group.

Employees are granted options which vest progressively, subject to meeting specified performance criteria. The options are issued for no consideration and carry no entitlements to voting rights or dividends.

During the financial year no options vested with KMP (2021: nil). No shares were issued to non-KMP employees (2021: nil) and 650,000 unquoted options were issued to non-KMP employees (2021: 1,560,000 (post consolidation)).

A summary of the movements of all options issued is as follows:

	No. (post consolidation)	Weighted Average Exercise Price (post consolidation)
Options outstanding and exercisable as at 30 June 2020	**2,325,736**	**$1.40**
Granted	2,310,011	$0.14
Forfeited	(762,501)	-
Lapsed without Exercise	(175,000)	-
Exercised	(247,338)	-
Options outstanding and exercisable as at 30 June 2021	**3,450,908**	**$0.82**
Granted	1,596,878	$0.19
Forfeited	(324,168)	-
Lapsed without Exercise	(175,000)	-
Exercised	(157,335)	-
Options outstanding and exercisable as at 30 June 2022	**4,391,283**	**$0.72**

The weighted average remaining contractual life of options outstanding at year end was 1.59 years (2021: 2.25). The weighted average exercise price of outstanding options at the end of the reporting period was $0.72 (2021: $0.82 (post consolidation)).

29. SHARE BASED PAYMENTS (continued)

Shares and options granted to KMP

The fair value of options granted during the year was $248,208 (2021: $1,123,640). These values were calculated using the Black-Scholes option pricing model, applying the following inputs:

	Employee Options	Employee Options	Investor Relations Options	Broker Options	Employee Options
Grant Date	31/08/2021	04/01/2022	28/04/2022	28/04/2022	03/06/2022
Share price on issue date (post consolidation)	$0.62	$0.32	$0.24	$0.24	$0.12
Expected volatility	80%	80%	80%	80%	80%
Exercise price	$0.682	$0.366	$0.480	$0.560	$0.153
Expiry date	31/08/2024	04/01/2025	28/04/2025	28/10/2023	03/06/2025
Risk free interest rate	0.19%	1.03%	2.66%	2.25%	2.95%
Number issued	600,000	125,000	250,000	546,878	75,000
Value per option	$0.304	$0.156	$0.087	$0.038	$0.057
Total	**$182,221**	**$19,458**	**$21,750**	**$20,513**	**$4,265**

Historical share price volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future volatility.

Included in the Statement of Profit or Loss is $185,808 (2021: $597,829 (restated)), which relates to net movements in equity-settled share-based payment transactions.

30. NOTES TO THE STATEMENT OF CASHFLOWS

	2022 $	Restated 2021 $
Reconciliation of net loss to net cash flows used in operating activities		
Loss from ordinary activities after income tax	(14,327,648)	(7,891,409)
Add back non-cash items:		
Profit on sale of property plant & equipment	(27)	(45)
Depreciation and amortisation expenses	4,426,080	4,201,838
Option expenses	185,808	597,829
Sale of mining interests	(69,677)	9,948
Right of use asset cost	(5,148)	(1,199)
Interest expense	47,185	509,660
Borrowing costs on convertible note	288,180	-
Salary sacrifice share issues	50,043	-
Changes in assets and liabilities		
Decrease/(increase) in trade debtors	127,088	(1,870,272)
Decrease/(increase) in other receivables	529,590	(135,468)
(Increase)/decrease in inventories	(2,255,935)	(687,472)
Increase in right of use asset	(546,582)	-
Increase in trade creditors	1,727,173	225,685
Increase/(decrease) in other payables	319,615	455,741
Increase/(decrease) in lease liabilities	399,822	(27,271)
Increase in provision for employee entitlements	54,894	164,039
(Decrease)/increase in provision for warranty claims	(264,540)	379,510
Increase in provision for income tax payable	12,419	-
Net cash used in operating activities	**(9,301,660)**	**(4,068,886)**

Cash and Cash Equivalents	2022 $	2021 $
Cash at bank and on hand	282,380	2,309,215
Short-term deposits	159,145	4,967,140
	441,525	**7,276,355**

31. PARENT ENTITY FINANCIAL INFORMATION

Nuheara IP Pty Ltd was acquired by Nuheara Limited (previously Wild Acre Metals 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. Accordingly, Nuheara IP Pty Ltd is the Parent Entity for accounting purposes.

The following information has been extracted from the books and records of the legal parent, Nuheara Limited, and has been prepared in accordance with Australian Accounting Standards.

Results for the parent entity:	**2022** **$**	**Restated** **2021** **$**
Net loss	(11,961,656)	(7,891,409)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(11,961,656)**	**(7,891,409)**
Current assets	5,048,319	11,699,428
Non-current assets	14,747,920	11,889,246
Total assets	**19,796,239**	**23,588,674**
Current liabilities	5,267,723	2,094,663
Non-current liabilities	2,528,599	1,939,154
Total liabilities	**7,796,322**	**4,033,817**
Net assets	**11,999,917**	**19,554,857**
Total equity of the parent entity		
Contributed equity	70,943,525	66,741,072
Reserves	1,538,667	4,626,765
Accumulated losses	(60,482,275)	(51,812,980)
Total Equity	**11,999,917**	**19,554,857**

In preparing the 30 June 2022 financial statements the Group recognised that they required restatement (refer Note 2). These adjustments as they relate to the parent entity have been adopted by restating each of the affected financial statement line items for the prior period as set out below:

Results for the parent entity:	**NOTES**	**Reported** **2021** **$**	**Consolidated Adjustments** **2021** **$**	**Restated** **2021** **$**
Net loss	2(a)(iii), 2(b)(ii), 2(c)(ii), 2(d)(i),2(f)	(11,961,656)	(11,961,656)	(7,891,409)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		**(11,961,656)**	**(11,961,656)**	**(7,891,409)**
Current assets		5,048,319	5,048,319	11,699,428
Non-current assets	2(c)(i)	14,747,920	14,747,920	11,889,246
Total assets		**19,796,239**	**19,796,239**	**23,588,674**
Current liabilities		5,267,723	5,267,723	2,094,663
Non-current liabilities	2(a)(ii), 2(d)(ii)	2,528,599	2,528,599	1,939,154
Total liabilities		**7,796,322**	**7,796,322**	**4,033,817**
Net assets		**11,999,917**	**11,999,917**	**19,554,857**
Total equity of the parent entity				
Contributed equity	2(e)(iii)	70,943,525	70,943,525	66,741,072
Reserves	2(b)(i)	1,538,667	1,538,667	4,626,765
Accumulated losses	(i)	(60,482,275)	(60,482,275)	(51,812,980)
Total Equity		**11,999,917**	**11,999,917**	**19,554,857**

DIRECTORS' DECLARATION

The Directors of Nuheara Limited declare that:

the financial statements and notes, as set out on page 22 to 56, are in accordance with the *Corporations Act 2001* and:

(a) comply with Australian Accounting Standards which, as stated in the accounting policy Note 1 to the financial statements, constitutes compliance with International Reporting Standards (IFRS); and
(b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Group;

the Directors have given the declarations required by S295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer;

in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors:

Justin Miller
Co-founder and Managing Director

Perth, 6 October 2022

SW Accountants & Advisors

Take the lead

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NUHEARA LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Nuheara Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended, and

b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements which indicates that the Group incurred a net loss of $14,327,648 and had operating cash outflows of $9,301,660 for the year ended 30 June 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial report of the Company for the year ended 30 June 2021 was audited by another auditor who expressed an unmodified opinion on the financial report on 17 August 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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1. Inventories net realisable value

Key audit matter	How our audit addressed the key audit matter
Refer to Note 7 *Inventories,* and Note 21 *Critical Accounting Estimates and Judgements* The assessment of inventories net realisable value is complex. Recognition of a write down to net realisable value requires judgement around expected future sales volume and identifying obsolete, discontinued and slow-moving inventory. There have been lower sales than expected in the year ending 30 June 2022 and there is a high reliance on sales increasing in conjunction with the easing of regulatory requirements in the USA for over-the-counter hearing aids. This was considered a key audit matter due to the size of the balance and the complexity of the estimates involved.	Out audit procedures included the following: • Understanding the Group's processes and controls for inventory costing, stocktakes and the measurement of inventory provisions • Testing inventory existence through confirmation and alternative procedures • Assessing the application of inventory costing methodologies for compliance with Australian Accounting Standards, including the recalculation of weighted average cost, on a sample basis, with reference to supplier invoices • Testing the accuracy and completeness of the report used by the Group to identify obsolete, discontinued and slow-moving inventory • Examining and challenging the Group's estimate of net realisable value with reference to the Group's strategy, recent changes in the strategy, recent sales history, sales forecasts, and forward orders, and • Evaluating the adequacy of the disclosures in the financial statements relating to inventory.

2. Impairment testing of intangible assets and property, plant and equipment

Key audit matter	How our audit addressed the key audit matter
Refer to Note 11 *Intangible assets*, and Note 21 *Critical Accounting Estimates and Judgements* The Group performs an annual impairment assessment for indicators of impairment. Where indicators of impairment are present an assessment is made for the Group as it is one Cash-Generating Unit (CGU). Significant assumption used in the impairment testing referred to above are inherently subject to significant estimates and judgements. Due to the size of the assets and the judgement involved in determining the recoverable amount, we have considered this to be a key audit matter.	Our audit procedures included the following: • Evaluating the Group's assessment of its CGU for consistency with the requirements of Australia Accounting Standards • Evaluating the completeness of the Group's assessment of impairment indicators for the CGU • Obtaining an understanding and assessing key controls over the preparation of the cash flow model • Obtaining an understanding of the methods, assumptions and data used by management in the value in use model • Testing the accuracy of the cash flow model • Assessing whether the methods, assumptions and data used by management were appropriate • Assessing other valuation evidence including significant investments made in the business by third parties after year end

	• Obtaining assistance from our own valuation specialists to assess whether the key assumptions, methods and data were appropriate, and • Assessing the adequacy of the disclosures included in the financial report.

3. Restatement of comparative information	
Key audit matter	**How our audit addressed the key audit matter**
Refer also to Note 2 *Restatement of comparative information* In the preparing the 30 June 2022 financial statements there were several errors identified which have resulted in the restatements of prior periods. Given the nature and extent of these errors, including the number of account balances impacted, the identification, quantification and correction of prior year errors was a key audit matter.	Our audit procedures included the following: • Obtaining management's workings for the restatements • Testing the mathematical accuracy and assessing the adequacy of the methodologies of the calculations used by the Group in identifying and quantifying the errors • Testing the restatements to the evidence that supported the change in treatment and assessing the treatment for compliance with the accounting standards, and • Assessing the adequacy of the disclosures included in the financial report in relation to restatements.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Accountants & Advisors

Take the lead

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 18 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Nuheara Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

SW

SW Audit (formerly ShineWing Australia)
Chartered Accountants

R Blayney Morgan

R Blayney Morgan
Partner

Melbourne, 6 October 2022

NUHEARA LIMITED
ABN 29 125 167 133

ADDITIONAL ASX INFORMATION

The following additional information is required by the Australian Securities Exchange. The information is current as at 29 September 2022.

1. Distribution schedule and number of holders of equity securities as at 29 September 2022

	1 – 1,000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 – and over	Total
Fully Paid Ordinary Shares	1,208	1,318	455	894	163	4,038
Unquoted Options – exercisable at $0.366 on or before 04/01/2025	-	-	-	2	-	2
Unquoted Options – exercisable at $0.50 on or before 21/08/2023	-	-	-	15	1	16
Unquoted Options – exercisable at $1.00 on or before 21/08/2023	-	-	-	2	-	2
Unquoted Options – exercisable at $2.00 on or before 21/08/2023	-	-	-	2	-	2
Unquoted Options – exercisable at $0.682 on or before 31/08/2024	-	-	-	7	2	9
Unquoted Options – exercisable at $0.48 on or before 28/04/2025	-	-	-	-	1	1
Unquoted Options – exercisable at $0.56 on or before 28/10/2023	-	-	6	11	2	19
Unquoted Options – exercisable at $0.153 on or before 03/06/2025	-	-	-	2	1	2
Unquoted Options – exercisable at $0.87 on or before 02/03/2024	-	-	-	5	-	5
Unquoted Options – exercisable at $1.00 on or before 03/02/2024	-	-	-	-	1	1
Unquoted Options – exercisable at $0.52 on or before 04/06/2023	-	-	-	-	1	1
Convertible notes	-	-	-	-	1	1

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 29 September 2022 is 1,797.

2. 20 Largest holders of quoted equity securities

The names of the twenty largest holders of fully paid ordinary shares (ASX code: NUH) as at 29 September 2022 are:

Rank	Name	Shares	% of Total Shares
1	BERGEN GLOBAL OPPORTUNITY FUND LP	17,422,713	12.70
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,989,570	10.93
3	FARJOY PTY LTD	5,937,046	4.33
4	FIAGO PTY LTD <FIAGO A/C>	3,939,436	2.87
5	WASAGI CORPORATION PTY LTD <WASAGI FAMILY A/C>	3,619,093	2.64
6	MR DAVID ROBERT CANNINGTON	3,287,752	2.40
7	BOND STREET CUSTODIANS LIMITED <SALTER - D79836 A/C>	3,100,000	2.26
8	MR XUAN KHOA PHAM	3,000,000	2.19
9	JAMORE PTY LTD <DANSHE SUPER FUND A/C>	2,041,894	1.49
10	DR STEPHEN DENNIS GIPPS	1,335,000	0.97
11	YARRAANDOO PTY LTD <YARRAANDOO SUPER FUND A/C>	1,125,000	0.82
12	MR JOSEPH ZANCA + MRS SZERENKE ZANCA <ZANACORP SUPER FUND A/C>	1,115,000	0.81
13	CITICORP NOMINEES PTY LIMITED	1,041,558	0.76
14	DR STEPHEN DENNIS GIPPS	1,000,000	0.73
15	MRS QUYNH CHI PHAN	945,000	0.69
16	MR STEPHEN CHARLES STUART WATTS <WATTS FAMILY A/C>	942,500	0.69
17	MRS WEI YA JUN FENG HU	847,194	0.62
18	MR MILAN TRIFUNOVIC	802,470	0.58
19	BAAMO PTY LTD <SILERVAULT SUPER FUND A/C>	750,000	0.55
20	EST DR LIONEL JOSHUA HOVEY	669,000	0.49
		67,910,226	**49.52**

Stock Exchange Listing – Listing has been granted for 137,195,326 ordinary fully paid shares of the Group on issue on the Australian Securities Exchange. The unquoted securities on issue as at 29 September 2022 are detailed below in part (4).

3. Substantial shareholders

Substantial shareholders in Nuheara Limited and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Group are listed below:

Name	Shares	% of Total Shares	Date of Notice
Healthcare 2030, LLC, Bergen Global Opportunity Fund LP, Bergen Asset Management LLC and Eugene Tablis	19,502,164	14.21	27 July 2022
Realtek Semiconductor Corporation	14,166,667	11.85	21 July 2022

ADDITIONAL ASX INFORMATION

4. Unquoted Securities

The number of unquoted securities on issue as at 29 September 2022:

Security	Number on issue
Unquoted Options – exercisable at $0.366 on or before 04/01/2025	75,000
Unquoted Options – exercisable at $0.50 on or before 21/08/2023	1,077,002
Unquoted Options – exercisable at $1.00 on or before 21/08/2023	100,000
Unquoted Options – exercisable at $2.00 on or before 21/08/2023	100,000
Unquoted Options – exercisable at $0.682 on or before 31/08/2024	500,000
Unquoted Options – exercisable at $0.48 on or before 28/04/2025	250,000
Unquoted Options – exercisable at $0.56 on or before 28/10/2023	546,878
Unquoted Options – exercisable at $0.153 on or before 03/06/2025	75,000
Unquoted Options – exercisable at $0.87 on or before 02/03/2024	125,000
Unquoted Options – exercisable at $1.00 on or before 03/02/2024	1,213,236
Unquoted Options – exercisable at $0.52 on or before 04/06/2023	187,500
Convertible notes	2,500,000

5. Holder Details of Unquoted Securities

The holders that hold more than 20% of a given class of unquoted securities that were not issued under an employee incentive scheme as at 29 September 2022 are detailed below:

Security	Name	Number of Securities
Unquoted Options – exercisable at $1.00 on or before 03/02/2024	Lind Global Macro Fund LP	1,213,236
Unquoted Options – exercisable at $0.48 on or before 28/04/2025	Ketom Pty Ltd <Bechler Family A/C>	250,000
Unquoted Options – exercisable at $0.56 on or before 28/10/2023	Jetosea Pty Ltd	156,250
Convertible notes	Realtek Semiconductor Corporation	2,500,000

6. Restricted Securities

The Group had no restricted securities as at 29 September 2022.

7. Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

Unquoted options have no voting rights.

8. Corporate Governance

The Board of Nuheara Limited is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Group and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Group has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Group 's Corporate Governance practices is set out on the Group 's website at https://www.nuheara.com/corporate-governance/.