

ASX Announcement

Release Date: 23 December 2021

NUHEARA UNDERTAKES CAPITAL RAISING TO SUPPORT GROWTH

Key highlights

- **Capital Raising comprises:**
 - **\$3.0 million to be invested by US-based Healthcare 2030, LLC;**
 - **\$1.6 million in firm commitments for a private placement from existing and new professional and sophisticated investors; and**
 - **Share Purchase Plan aiming to raise up to \$3.0 million (with Board discretion to accept oversubscriptions) to provide the opportunity for the Company's shareholders to further invest on the same terms as the private placement.**
- **Funding to underpin growth, supporting pursuit of attractive growth opportunities including:**
 - **Activities and approvals to support 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 resurgent traditional retail sales growth through our retail partners, particularly in the US**
 - **Newly developed range of hearing aid products to underpin Nuheara's planned expansion into clinically tested and regulatory approved medical devices, particularly in the US**
 - **Working capital and costs of the offer**
- **Nuheara's Board fully supports the Share Purchase Plan and its Directors have each committed to participate**

Nuheara Limited (**ASX:NUH**) (**Company** or **Nuheara**), transforming the way people hear by creating smart and affordable hearing solutions, is pleased to announce a Capital Raising comprising:

- **\$3.0 million to be invested by United States-based Healthcare 2030, LLC;**
- **\$1.6 million private placement commitments from existing and new professional sophisticated investors; and**
- **A Share Purchase Plan aiming to raise up to \$3.0 million (with Board discretion to accept oversubscriptions) to provide the opportunity for the Company's shareholders to further invest on the same terms as the private placement.**

Commenting on the Capital Raising, Nuheara Co-founder and CEO Justin Miller said: "Following a series of Company achievements over the last 12 months that have demonstrated ongoing market progress and increased sales, Nuheara has experienced a significantly increased level of interest from customers and retailers

in its unique hearing solutions. At the same time, market recognition of the need for these hearing solutions has materially increased with the US market now moving to a regulated self-fit solution to open the market to millions of people that previously were not able to access solutions due to affordability reasons.

“We have an ambitious growth strategy with tremendous once-in-a-generation opportunities in front of us. The funds raised provide us with additional capital to execute on our growth plans, and rapidly scale our business globally, particularly in the US.”

Executing on strategic priorities

When Nuheara last raised capital from shareholders in December 2020, the Company was well positioned to significantly expand sales through the Direct to Consumer (**DTC**) channel and expanding OEM partnerships. Since the prior raising, Nuheara has executed on its strategic objectives and achieved a number of important milestones, including:

- 517% increase in FY21 sales revenue to \$10.7 million, with 15,117 IQbuds shipped (net of returns)
- HP launching Nuheara co-developed Elite Wireless Earbuds at CES 2021
- Commencing mass production and shipping of HP Elite Wireless Earbuds
- Receiving FDA registration and Hearing Aid Device listing in the US
- Appointing key senior talent within the business and the Company’s new Innovation Team
- Launching in 241 Best Buy stores in the US, which offers hearing solutions as a specific product category online and in select retail stores
- Securing a global supply agreement with Sonova that adds significant potential worldwide Points of Sale to Nuheara’s omni-channel sales strategy
- Preparing to further scale as a medical device company, with clinical trials of Nuheara’s hearing aids to support entry into the US regulated hearing market
- Receiving ethical approval to commence a clinical trial with pathway to US FDA submission, ahead of the FDA issuing its landmark proposal for OTC hearing aids in the regulated market

Having put in place key foundational relationships and a strong omni-channel network, Nuheara is well positioned to execute on current and future opportunities in key growth markets, particularly the US, in calendar year 2022.

US focus

Following regulatory developments in the US, that Nuheara had been positioning for and building towards over the last seven years, the Company is now engaged in ensuring it cements its first mover advantage into OTC hearing aids with clinically tested and FDA approved self-fit hearing aids. This market comprises approximately 30 million Americans, people with some trouble hearing, who don’t currently use hearing devices.

Recent agreements with Best Buy and Sonova underpin substantially larger retail footprints for Nuheara’s product in the US (in addition to the Company’s products being made available for sale via Amazon) providing a vast opportunity for Nuheara to deepen its brand recognition in advance of future OTC hearing aid products and sales following Nuheara’s hearing solution receiving US FDA approval.

Nuheara believes that the US hearing market provides a substantial opportunity that warrants significant further focus and investment. This will be the key focus of Nuheara’s activity and expenditure over the next 12 months.

Proceeds to underpin growth opportunities

The proceeds from this capital raising will support:

- Necessary activities and approvals to support 510(k) submission to the FDA for approval of a Class II, self-fitting air conduction, wireless hearing aid
- Transition of customers to payment terms arising from resurgent traditional retail sales growth through Nuheara's retail partners, particularly in the US
- Newly developed range of hearing aid products to underpin Nuheara's planned expansion into clinically tested and regulatory approved medical devices, particularly in the US
- Costs of the Offer and working capital

Market Eye acted as corporate advisor to the Capital Raising.

Details of the Capital Raising

Nuheara is mindful of providing its existing shareholders with an opportunity to participate in the Company's Capital Raising. As such, the Company has structured the Capital Raising as follows:

1. Institutional Investment

An investment in new fully paid ordinary shares in the Company (**Shares**) by Healthcare 2030, LLC (**the Investor**), an institutional specialist investor under an agreement (**Agreement**). The Investor has 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, with the subscription funds expected to be received on or about 29 December 2021 (the **Settlement**). The Company will issue the Subscription Shares, at the Investor's request, within 18 months of the date of the funding. The number of 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 Purchase Price of the Subscription Shares will be 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 will 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 will, nevertheless, be the subject of the Floor Price of \$0.01. 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 will not be the subject of a cap.

The Company will also have 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.

The Company will make issue 9.8 million Subscription Shares to the Investor at the time of the Settlement, towards the ultimate number of Subscription Shares to be issued. Alternatively, in lieu of applying these shares towards the aggregate number of the Subscription Shares to be issued by the Company, the Investor may make a further payment to the Company equal to the value of these Shares determined using a 5% discount to the average of five daily VWAPs (selected by the Investor) during the 20 actual trading days prior to the business day prior to the date of such payment, rounded down as set out above.

Nuheara has also agreed to issue 9.375 million Shares in satisfaction of a fee payable to the Investor.

2. Private placement

Commitments have been received for a private placement to existing and new professional and sophisticated investors to raise up to \$1.621 million (before costs) (**Placement**).

The Placement comprises subscriptions for 101,312,500 new fully paid ordinary shares in the Company (**Placement Shares**) at an issue price of \$0.016 per share (**Offer Price**). The Offer Price represents a 15.7% discount to the last closing share price on 22 December 2021, and a 11.1% discount to the 5-day volume weighted average market price of the Company's shares on ASX.

Placement Shares will rank equally with the Company's existing ordinary shares on issue but will not be entitled to participate in the Share Purchase Plan (see below). The Placement will take place as a single tranche and fall under the Company's available Listing Rule 7.1 and 7.1A capacity.

3. Share Purchase Plan

Nuheara is also offering Eligible Shareholders the opportunity to participate in the Share Purchase Plan (**SPP**) aiming to raise a further up to \$3 million, with the ability to accept oversubscriptions or scale back at the Board's absolute discretion. The SPP is not underwritten. An Eligible Shareholder is any shareholder in Australia or New Zealand recorded on Nuheara's share register at 5:00pm AWST on 22 December 2021.

Eligible Shareholders will have the opportunity to acquire up to \$30,000 in new shares via the SPP at an issue price equal to the Placement Offer Price of \$0.016 per share.

The new shares issued under the SPP will rank equally with existing ordinary shares from the date of issue per the indicative timetable below. No brokerage or commissions are payable in respect of subscribing for shares under the SPP.

The SPP Booklet containing further details of the SPP offer will be released on ASX separately and is expected to be mailed to all Eligible Shareholders on or about 31 December 2021, being the date on which the SPP offer is expected to open. The SPP Booklet and the accompanying Application Form will contain instructions on how to apply. Application Forms and payments are due no later than 5:00pm AWST on 17 January 2022.

Shareholders should consider the SPP Booklet in full, before deciding whether to participate in the SPP. Shareholder approval is not required for the issue of New Shares under the SPP.

Capital raising indicative timetable

Record date for determining eligible participation to subscribe for new shares via the SPP	5:00pm AWST on Wednesday, 22 December 2021
Settlement of Placement	Thursday, 30 December 2021
Allotment of new shares issued under the Placement	Friday, 31 December 2021
SPP Booklet dispatched to Eligible Shareholders	Friday, 31 December 2021
SPP opens	Friday, 31 December 2021
SPP closes	5:00pm AWST on Monday, 17 January 2022
Announce SPP results	Monday, 24 January 2022
Allotment of new shares issued under SPP	Monday, 24 January 2022
Dispatch of holding statements in respect of new shares issued under SPP	Tuesday, 25 January 2022

The dates in the tables above are subject to ASX approval and indicative only and Nuheara may amend this timetable. Nuheara may also withdraw the offer of SPP Shares at any time before the allotment date in its absolute discretion.

The Nuheara Board fully supports the SPP and the Company's Directors have each committed to participate.

-ENDS-

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ABOUT NUHEARA

Nuheara is a global leader in smart hearing technology which change people's lives by enhancing the power to hear. As a global pioneer in Hearable products, Nuheara developed proprietary, multi-functional, personalised intelligent hearing devices that augments a person's hearing. Nuheara is headquartered in Perth, Australia and was the first consumer wearables technology company to be listed on the Australian Stock Exchange (ASX).

In 2016, the Company released its revolutionary wireless earbuds, IQbuds, which allow consumers to augment their hearing according to their personal hearing preferences and connect hands free with their voice-enabled smart devices. In 2020 Nuheara released its third-generation hearable the IQbuds² MAX. In 2021, Nuheara transformed its operations to include medical device manufacturing for its hearing aid products to meet global demand for mild to moderate hearing loss. Nuheara products are now sold Direct to Consumer (DTC) and in major consumer electronics retailers, professional hearing clinics, pharmacies and speciality retailers around the world.

The Company's mission is to transform the way people hear by creating smart hearing solutions that are both accessible and affordable. For further information, please visit <https://www.nuheara.com/>.

Forward-looking statements and forecasts

This announcement contains certain “forward-looking statements” and comments about future matters. Forward-looking statements can generally be identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Capital Raising and the use of proceeds. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this announcement speak only as of the date hereof, are preliminary views and are based on assumptions and contingencies subject to change without notice, as are statements about approvals, market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. In particular, they speak only as of the date of this announcement and assume the success of Nuheara’s strategies. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Nuheara, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. Any such forward looking statement also inherently involves known and unknown risks, uncertainties and other factors that may cause actual results, performance and achievements to be materially greater or less than estimated. These factors may include, but are not limited to, customer take up, retail partner support, foreign exchange fluctuations, business, competitive and economic uncertainties, increased capital costs and operating costs, supply or distribution chain issues, changes to the regulatory framework within which Nuheara operates or may in the future operate, and the recruitment and retention of key personnel, industrial relations issues and litigation.

Any such forward looking statements are also based on assumptions and contingencies which are subject to change and which may ultimately prove to be materially incorrect, as are statements about market and industry trends, which are based on interpretations of current market conditions. Investors should consider the forward looking statements contained in this announcement in light of those disclosures and not place undue reliance on such statements (particularly in light of the current economic climate and significant volatility, uncertainty and disruption caused by the COVID-19 pandemic). The forward looking statements in this announcement are not guarantees or predictions of future performance and may involve significant elements of subjective judgment, assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of Nuheara.

Except as required by law or regulation Nuheara undertakes no obligation to finalise, check, supplement, revise or update forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or results or other factors affect the information contained in this announcement.