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14 March 2025

To Creditors

Dear Sir/Madam

**Nuheara Limited ACN 125 167 133 (Administrators Appointed)**  
**Nuheara IP Pty Ltd ACN 605 704 096 (Administrators Appointed)**  
**Terrace Gold Pty Ltd ACN 072 608 952 (Administrators Appointed)**

**(Collectively referred to as “the Group”)**

I refer to the appointment of Matthew Woods, Clint Joseph, and I, Martin Jones, as Joint and Several Voluntary Administrators of the Group on Thursday, 7 August 2024 pursuant to Section 436A of the Corporations Act 2001 (**the Act**).

I also refer to the:

- Second Supplementary Report to Creditors dated Friday, 7 March 2025; and the
- Addendum to the Voluntary Administrators' Second Supplementary Report to Creditors dated 13 March 2025,

in respect of the 3<sup>rd</sup> Reconvened Meeting of Creditors convened for Monday, 17 March 2025 at 11:30am WST at the offices of KPMG, L8, 235 St Georges Terrace Perth WA 6000.

## **1. Orecchio DOCA Proposal**

The Administrators' wish to advise that on Thursday, 13 March 2025 at 7:08pm WST, we received a further revised DOCA proposal from Orecchio (a copy is enclosed as **Annexure A**).

Notwithstanding that the FCA Orders dated 13 March 2025 only required the Administrators to report to creditors on DOCA proposals received by 9am WST on that same day, we sought clarification from Orecchio regarding their further revised DOCA proposal. We received confirmation from the solicitors representing Orecchio on Friday, 14 March 2025 at 12:40 pm WST.

Accordingly, outlined below are the varied terms of the Orecchio DOCA proposal dated 13 March 2025:

- *“Clause 8.3 – the Uplift Amount is 20c/\$. The reduction in the Uplift from 50c/\$ is based on the revised proposal set out in clause 9.4, as below; and*
- *Clause 9.4 – the amount to be paid in by the Proponent as the relevant Deed Contribution is to be 30c/\$ based on the admitted proofs of all arm's-length non-priority unsecured creditors, including Realtek for the amount of its unsecured debt (being the amount of Realtek's debt after payment to it of the amount referred to in clause 13.1 and the consequent discharge of its security) and the Proponent. In respect of the amount to be paid out by the Administrator as the dividend to arm's-length non-priority unsecured creditors, this is to include Realtek for the amount of its unsecured debt (being the amount of Realtek's debt after payment to it of the amount referred to in clause 13.1 and the consequent discharge of its security), but the Proponent will not participate. Based on the information provided by you to us, we estimate such a dividend would be substantially higher than 30c/\$ for those creditors.*
- *Terms defined in this letter have the same meaning as in our letter of 12 March 2025.”*

To summarise the above variations for the returns to each class of creditor under the Orecchio DOCA proposal dated 13 March 2025, we provide the below table:

Creditor class	Orecchio DOCA (as outlined in our Addendum Report dated 13 March 2025)	Orecchio DOCA varied as at 13 March 2024
<b>Secured Creditor (Realtek)</b>	\$500k Plus at least 30c/\$, plus the further uplift payment of an additional dividend limited to 50c/\$, contingent upon a sale of the business or as future financial performance allows after the return of debt and capital by 30 June 2026 on the unsecured balance of their claim.*	\$500k Plus <b>approximately 47.6 c/\$(1)**</b> , plus the further uplift payment of an additional dividend limited to <b>20c/\$</b> , contingent upon a sale of the business or as future financial performance allows after the return of debt and capital by 30 June 2026 on the unsecured balance of their claim.*
<b>Terminated Employees</b>	100c/\$	100c/\$
<b>Continuing Employees</b>	Offered continuity of employment with Orecchio where the entitlements accrue and will be preserved and continued as is. Will <b>not</b> be entitled to claim in the proposed DOCA. Continuing employees will be offered an employee share option scheme.	Offered continuity of employment with Orecchio where the entitlements accrue and will be preserved and continued as is. Will <b>not</b> be entitled to claim in the proposed DOCA. Continuing employees will be offered an employee share option scheme.
<b>Excluded Employee</b>	100c/\$ if continuing, or \$3.5K plus at least 30c/\$ on the balance of the claim if not continuing and a further uplift payment of an additional dividend limited to 50c/\$, contingent upon a sale of the business or as future financial performance allows after the return of debt and capital by 30 June 2026.*	100c/\$ if continuing, or \$3.5K plus <b>approximately 47.6 c/\$**</b> on the balance of the claim if not continuing and a further uplift payment of an additional dividend limited to <b>20c/\$</b> , contingent upon a sale of the business or as future financial performance allows after the return of debt and capital by 30 June 2026.*
<b>Unsecured Creditors</b>	Initial dividend of at least 30c/\$. Further uplift payment of an additional dividend limited to 50c/\$, contingent upon a sale of the business or as future financial performance allows after the return of debt and capital by 30 June 2026.* To the fullest extent practicable, using goods and services supplied by the non-priority unsecured creditors. By the business continuing to trade under Orecchio, this may produce future economic benefits to existing suppliers and contractors	Initial dividend of <b>approximately 47.6 c/\$**</b> . Further uplift payment of an additional dividend limited to <b>20c/\$</b> , contingent upon a sale of the business or as future financial performance allows after the return of debt and capital by 30 June 2026.* To the fullest extent practicable, using goods and services supplied by the non-priority unsecured creditors. By the business continuing to trade under Orecchio, this may produce future economic benefits to existing suppliers and contractors.

Notes:

- (1) There is a risk that creditors do not receive the additional 20c/\$ dividend, being subject of the sale of the business or sufficient trading profits by 30 June 2026. The Administrators have not received any trading forecasts or evidence to suggest that this further dividend is likely to be paid. That being so, we continue to be unable to ascribe any value to this element of the Orecchio DOCA Proposal.\*
- (2) Calculated as follows\*\*:

Calculation of revised Orecchio proposal (13 March 2025)	Amount (\$)
Total unsecured claims (without Orecchio, excluded employee and RTK residual)	2,206,431
Orecchio claim at face value (\$2.578M)	2,577,822
Total Realtek (residual claim \$2.69M less \$500k)	2,185,862
<b>Total estimated claims under Orecchio DOCA</b>	<b>6,970,115</b>
Funds required for a dividend rate of 30c/\$	2,091,034
Total unsecured claims without Orecchio debt	4,392,293
<b>Estimated potential dividend (cent/\$)</b>	<b>47.607</b>

## 2. Realtek DOCA Proposal

In our Addendum to the Voluntary Administrators' Second Supplementary Report to Creditors dated 13 March 2025 we made the following statement:

*"At the moment there is no Court order or agreement with Realtek dealing with how the funds held in the solicitor's trust account would be released to the Administrators should the Realtek DOCA be approved by creditors.*

*Under the current draft of the Realtek DOCA, the \$6.9M (or such other amount as advised by the Administrators) is to be paid to the Administrators within 14 days of the Administrators informing Realtek of their calculation of the Deed Contribution.*

*The Administrators have requested that as part of their DOCA, that Realtek pays the Deed Contribution amount of \$6.9M (or such other amount as advised by the Administrators) into the account maintained by the Administrators for the purposes of the administration of the Group within 3 business days of the creditors resolving to enter into a DOCA based upon the proposal made by Realtek, if such a resolution is passed."*

As at the time of writing this Circular, we are still awaiting a response from Realtek and/or their solicitors and we will update creditors at the 3<sup>rd</sup> Reconvened Meeting of Creditors on Monday, 17 March 2025.

## 3. Administrators' Recommendation

Having considered the Orecchio DOCA proposal dated 13 March 2025 relative to the Realtek DOCA proposal, **the Administrators maintain the same recommendation as outlined in their Addendum to the Voluntary Administrators' Second Supplementary Report to Creditors dated 13 March 2025, being that creditors should accept the Realtek DOCA proposal for the reasons outlined in that same report.**

All creditor communications may be found on our KPMG website via the following link  
<https://kpmg.com/au/en/home/creditors/nuheara.html>.

Should you have any questions regarding the administration or this report, please contact us on (08) 9263 7287 or email at [nuheara@kpmg.com.au](mailto:nuheara@kpmg.com.au).

Yours faithfully



**Martin Jones**  
Joint and Several Administrator

Encl.



Our Ref: 243627\_3470-0246-2008\_5

13 March 2025

Mr Martin Jones, Joint and Several Administrator  
NuHeara Limited (Administrators Appointed) KPMG  
Level 8, 235 St Georges Terrace  
PERTH WA 6000

By email: martinjones@kpmg.com.au

Dear Sir/Madam

**NuHeara Limited (Administrators Appointed)**

We refer to our letter dated 12 March 2025.

We are instructed on behalf of Orecchio Pty Ltd ("**Proponent**") to submit a variation to the proposed Deed of Company Arrangement ("**DOCA**") for NuHeara Limited (Administrators Appointed) ("**NUH**"), NuHeara IP Pty Ltd (Administrators Appointed) ("**Nuheara IP**") and Terrace Gold Pty Ltd (Administrators Appointed) ("**Terrace**") (taken together, the "**Group**"), as set out in our letter of 12 March 2025.

Our variation relates to the following 2 aspects:

Clause 8.3 – the Uplift Amount is 20c/\$. The reduction in the Uplift from 50c/\$ is based on the revised proposal set out in clause 9.4, as below.

Clause 9.4 – the amount to be paid in by the Proponent as the relevant Deed Contribution is to be 30c/\$ based on the admitted proofs of all arm's-length non-priority unsecured creditors, including Realtek for the amount of its unsecured debt (being the amount of Realtek's debt after payment to it of the amount referred to in clause 13.1 and the consequent discharge of its security) and the Proponent. In respect of the amount to be paid out by the Administrator as the dividend to arm's-length non-priority unsecured creditors, this is to include Realtek for the amount of its unsecured debt (being the amount of Realtek's debt after payment to it of the amount referred to in clause 13.1 and the consequent discharge of its security), but the Proponent will not participate. Based on the information provided by you to us, we estimate such a dividend would be substantially higher than 30c/\$ for those creditors.

Terms defined in this letter have the same meaning as in our letter of 12 March 2025.

If you would like to discuss any aspect of the above proposal, please do not hesitate to get in touch.

Yours faithfully  
Cowell Clarke

Per:



Richard Beissel

Director

RBeissel@cowellclarke.com.au

Copy to: Kieran Chu, KPMG

By email: kchu2@kpmg.com.au