

**Audeara Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

|                   |  |
|-------------------|--|
| Name of entity:   | Audeara Limited                          |
| ABN:              | 27 604 368 443                           |
| Reporting period: | For the half-year ended 31 December 2021 |
| Previous period:  | For the half-year ended 31 December 2020 |

**2. Results for announcement to the market**

|   |    |                              | \$                           |
|---|----|------------------------------|------------------------------|
| Revenues from ordinary activities   | up | 84.6% to                     | 971,504                      |
| Loss from ordinary activities after tax attributable to the owners of Audeara Limited | up | 325.7% to                    | (1,204,954)                  |
| Loss for the half-year attributable to the owners of Audeara Limited                  | up | 325.7% to                    | (1,204,954)                  |
|   |    | <b>31 Dec 2021<br/>Cents</b> | <b>31 Dec 2020<br/>Cents</b> |
| Basic earnings per share  |    | (1.15)                       | (0.48)                       |
| Diluted earnings per share  |    | (1.15)                       | (0.48)                       |

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The loss for the Company after providing for income tax amounted to \$1,204,954 (31 December 2020: \$283,020).

Reference is made to the *Review of Operations* in the Directors' Report contained in the attached Interim Financial Report for Audeara Limited for the half-year ended 31 December 2021.

**3. Net tangible assets**

|   | <b>Reporting<br/>period<br/>Cents</b> | <b>Previous<br/>period<br/>Cents</b> |
|---|---------------------------------------|--------------------------------------|
| Net tangible assets per ordinary security | <u>4.47</u>                           | <u>5.61</u>                          |

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

Not applicable.

**6. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**11. Attachments**

*Details of attachments (if any):*

The Interim Report of Audeara Limited for the half-year ended 31 December 2021 is attached.

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**12. Signed**



Dr James Fielding  
Director

Date: 28 February 2022

**Audeara Limited**

**ABN 27 604 368 443**

**Interim Report - 31 December 2021**

**Audeara Limited**  
**Corporate directory**  
**31 December 2021**

|   |   |
|---|---|
| Directors   | D Trimboli - Non-Executive Chairman<br>J Fielding - Managing Director and Chief Executive Officer<br>P Rombola - Non-Executive Director<br>Dr E Saunders - Non-Executive Director |
| Company secretary                                 | Peter Harding-Smith   |
| Registered office and principal place of business | Level 1, North Tower<br>527 Gregory Terrace<br>Fortitude Valley QLD 4006  |
| Share register                                    | Computershare Investor Services Pty Ltd<br>Yarra Falls<br>452 Johnston Street<br>Abbotsford VIC 3067<br>Phone: (03) 9907 7163   |
| Auditor   | Grant Thornton<br>King George Central<br>Level 18, 145 Anne Street<br>Brisbane QLD 4000   |
| Solicitors  | McCullough Robertson<br>Level 11, 66 Eagle Street<br>Brisbane QLD 4000  |
| Bankers   | Westpac Banking Corporation<br>300 Elizabeth Street<br>Brisbane<br>4000   |
| Stock exchange listing                            | Audeara Limited shares are listed on the Australian Securities Exchange (ASX code: AUA)   |
| Website   | <a href="http://www.audeara.com">www.audeara.com</a>  |
| Corporate Governance Statement                    | <a href="http://www.audeara.com/investors/">www.audeara.com/investors/</a>  |

The directors present their report, together with the financial statements, on the Company for the half-year ended 31 December 2021.

### **Directors**

The following persons were directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

D Trimboli - Non-Executive Chairman  
J Fielding - Managing Director  
P Rombola - Non-Executive Director  
Dr E Saunders - Non-Executive Director (appointed 1 January 2022)

### **Principal activities**

The principal activity of the Company during the course of the financial year was the development of hearing health technology.

There were no significant changes in the nature of the activities of the Company during the year.

### **Review of operations**

The last six months have seen a significant change in the Audeara business. With the IPO funding, the Company has invested significantly increasing:

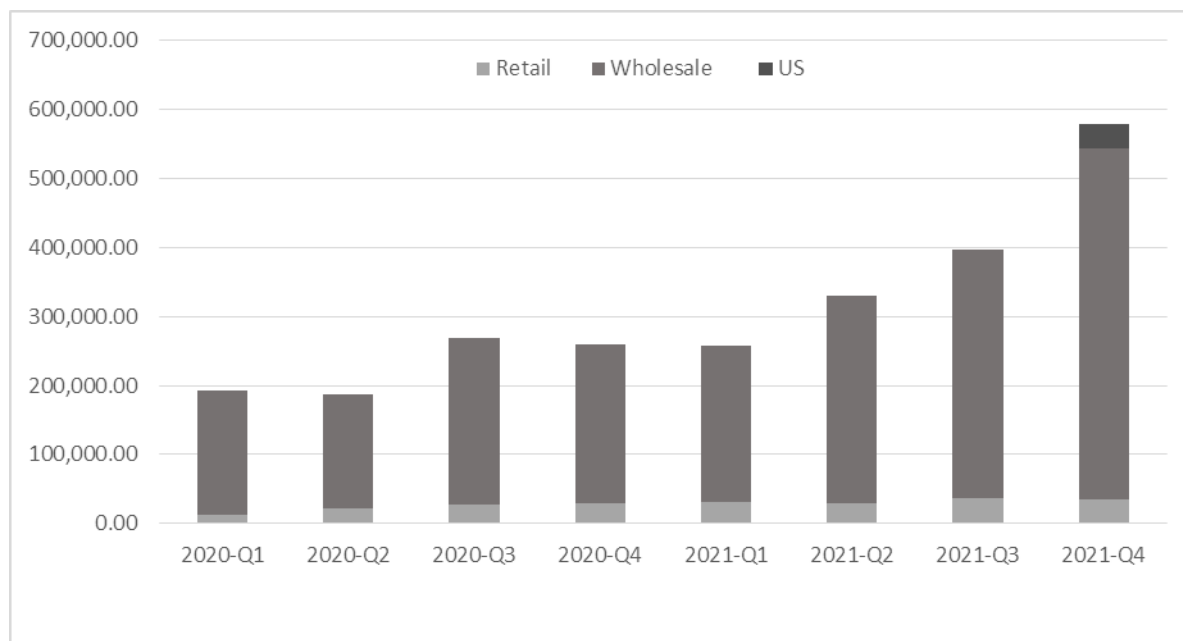
- Staffing numbers in Australia, with the addition of six key hires including the Australian Sales Manager and Marketing Manager;
- Investment in stock to support the significant increase in client numbers and sales growth; and
- Investment in product development, with the upcoming release of the A02 headphone.

Clinic numbers have climbed to 1,013 clinics as at 31 December 2021, predominately driven by the addition of Amplifon, Audika and Connect Hearing/Blamey Saunders hears. This represents a 65% growth in clinic numbers in the last 12 months.



*Figure 1 – Australian audiology clinics stocking Audeara*

Sales has continue to grow with the growth in clinic number and increase in Audeara sales staff.



*Figure 2 – Sales by quarter, wholesale (Australia and US) and retail.*

In Q4 2021, Audeara achieved introductory sales into the US market through distribution partners Westone, who specialise in custom earpieces, earphones, and many other products to protect and enhance hearing, facilitate communication, and support hearing health care professionals.

The commercial opportunity in the US market is significant. Audeara's CEO, Dr James Fielding will temporarily relocate to the US in Q1 CY22 to focus on market exploration and developing opportunities in the hearing health sector. Audeara looks forward to keeping the market updated as developments in this region progress and expects the US contribution to Audeara's sales to increase moving forward.

The loss for the Company after providing for income tax amounted to \$1,204,954 (31 December 2020: \$283,020).

#### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Company during the financial half-year.

#### **Matters subsequent to the end of the financial half-year**

On 1 January 2022, Dr Elaine Saunders joined the Board of Audeara as an Independent Non-executive Director. Elaine's understanding and knowledge of the hearing health care space is second to none. Her work with Blamey Saunders hears is particularly notable, having designed and manufactured Australia's own unique and self-fit hearing aid, pioneering tele-audiology in Australia.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

#### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**Audeara Limited**  
**Directors' report**  
**31 December 2021**

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Dr James Fielding  
Director

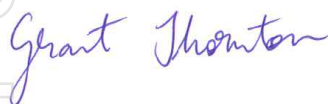
28 February 2022  
Brisbane

## Auditor's Independence Declaration

### To the Directors of Audeara Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Audeara Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Cameron Smith  
Partner – Audit & Assurance

Brisbane, 28 February 2022

**Audeara Limited**  
**Contents**  
**31 December 2021**

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**General information**

The financial statements cover Audeara Limited as an individual entity. The financial statements are presented in Australian dollars, which is Audeara Limited's functional and presentation currency.

Audeara Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, North Tower  
527 Gregory Terrace  
Fortitude Valley QLD 4006

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2022.

**Audeara Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2021**

|  | Note | 31 Dec 2021<br>\$ | 31 Dec 2020<br>\$ |
|--|------|-------------------|-------------------|
| <b>Revenue</b>   |      |                   |                   |
| Revenue  | 4    | 971,504           | 526,369           |
| Cost of sales  |      | (469,495)         | (286,100)         |
| Gross profit   |      | 502,009           | 240,269           |
| Other income   | 5    | 9,439             | 221,346           |
| Interest revenue   |      | -                 | 10                |
| <b>Expenses</b>  |      |                   |                   |
| Advertising, marketing and selling   |      | (131,950)         | (34,510)          |
| Contractors  |      | (145,474)         | (59,737)          |
| Depreciation and amortisation expense  |      | (44,599)          | (29,567)          |
| Employee benefits expense  |      | (1,103,044)       | (349,885)         |
| Foreign currency gains/(losses)  |      | (14,367)          | 10,845            |
| Insurance  |      | (40,661)          | (8,332)           |
| Listing and share registry   |      | (82,328)          | -                 |
| Research and development   |      | (2,000)           | (3,948)           |
| Professional fees - legal, accounting and audit  |      | (49,167)          | (2,694)           |
| Transaction costs in connection with the IPO   |      | -                 | (136,489)         |
| Other expenses   |      | (97,103)          | (39,650)          |
| Finance costs  |      | (5,709)           | (90,678)          |
| Total expenses   |      | (1,716,402)       | (744,645)         |
| <b>Loss before income tax expense</b>  |      | (1,204,954)       | (283,020)         |
| Income tax expense   |      | -                 | -                 |
| <b>Loss after income tax expense for the half-year attributable to the owners of Audeara Limited</b> |      | (1,204,954)       | (283,020)         |
| Other comprehensive income for the half-year, net of tax   |      | -                 | -                 |
| <b>Total comprehensive income for the half-year attributable to the owners of Audeara Limited</b>    |      | (1,204,954)       | (283,020)         |
|  |      | <b>Cents</b>      | <b>Cents</b>      |
| Basic earnings per share   | 18   | (1.15)            | (0.48)            |
| Diluted earnings per share   | 18   | (1.15)            | (0.48)            |

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Audeara Limited**  
**Statement of financial position**  
**As at 31 December 2021**

|                                      | <b>Note</b> | <b>31 Dec 2021</b> | <b>30 June 2021</b> |
|--------------------------------------|-------------|--------------------|---------------------|
|                                      |             | <b>\$</b>          | <b>\$</b>           |
| <b>Assets</b>                        |             |                    |                     |
| <b>Current assets</b>                |             |                    |                     |
| Cash and cash equivalents            | 6           | 3,776,448          | 5,737,612           |
| Trade and other receivables          | 7           | 236,796            | 349,951             |
| Contract assets                      |             | 34,048             | -                   |
| Inventories                          | 8           | 486,448            | 291,420             |
| Other assets                         | 9           | 876,029            | 130,920             |
| <b>Total current assets</b>          |             | <b>5,409,769</b>   | <b>6,509,903</b>    |
| <b>Non-current assets</b>            |             |                    |                     |
| Property, plant and equipment        | 10          | 168,457            | 3,763               |
| Right-of-use assets                  | 11          | 201,349            | 11,259              |
| Intangibles                          | 12          | 106,636            | 49,448              |
| <b>Total non-current assets</b>      |             | <b>476,442</b>     | <b>64,470</b>       |
| <b>Total assets</b>                  |             | <b>5,886,211</b>   | <b>6,574,373</b>    |
| <b>Liabilities</b>                   |             |                    |                     |
| <b>Current liabilities</b>           |             |                    |                     |
| Trade and other payables             | 13          | 629,672            | 405,969             |
| Borrowings                           |             | 9,480              | 54,790              |
| Lease liabilities                    | 14          | 47,783             | 12,811              |
| Employee benefits                    |             | 183,190            | 143,971             |
| Provisions                           |             | 15,529             | 16,709              |
| <b>Total current liabilities</b>     |             | <b>885,654</b>     | <b>634,250</b>      |
| <b>Non-current liabilities</b>       |             |                    |                     |
| Lease liabilities                    | 14          | 164,391            | -                   |
| Employee benefits                    |             | 38,935             | 31,513              |
| <b>Total non-current liabilities</b> |             | <b>203,326</b>     | <b>31,513</b>       |
| <b>Total liabilities</b>             |             | <b>1,088,980</b>   | <b>665,763</b>      |
| <b>Net assets</b>                    |             | <b>4,797,231</b>   | <b>5,908,610</b>    |
| <b>Equity</b>                        |             |                    |                     |
| Issued capital                       |             | 10,206,901         | 10,206,901          |
| Reserves                             | 15          | 117,876            | 24,301              |
| Accumulated losses                   |             | (5,527,546)        | (4,322,592)         |
| <b>Total equity</b>                  |             | <b>4,797,231</b>   | <b>5,908,610</b>    |

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Audeara Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2021**

|  | <b>Issued<br/>capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Accumulated<br/>losses<br/>\$</b> | <b>Total<br/>deficiency in<br/>equity<br/>\$</b> |
|--|----------------------------------|------------------------|--------------------------------------|--|
| Balance at 1 July 2020                                       | 1,976,203                        | -                      | (3,069,177)                          | (1,092,974)                                      |
| Loss after income tax expense for the half-year              | -                                | -                      | (283,020)                            | (283,020)  |
| Other comprehensive income for the half-year, net of tax     | -                                | -                      | -                                    | -  |
| Total comprehensive income for the half-year                 | -                                | -                      | (283,020)                            | (283,020)  |
| Balance at 31 December 2020                                  | <u>1,976,203</u>                 | <u>-</u>               | <u>(3,352,197)</u>                   | <u>(1,375,994)</u>                               |
|  | <b>Issued<br/>capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Accumulated<br/>losses<br/>\$</b> | <b>Total equity<br/>\$</b>                       |
| Balance at 1 July 2021                                       | 10,206,901                       | 24,301                 | (4,322,592)                          | 5,908,610  |
| Loss after income tax expense for the half-year              | -                                | -                      | (1,204,954)                          | (1,204,954)                                      |
| Other comprehensive income for the half-year, net of tax     | -                                | -                      | -                                    | -  |
| Total comprehensive income for the half-year                 | -                                | -                      | (1,204,954)                          | (1,204,954)                                      |
| <i>Transactions with owners in their capacity as owners:</i> |                                  |                        |                                      |  |
| Share-based payments   | -                                | 93,575                 | -                                    | 93,575   |
| Balance at 31 December 2021                                  | <u>10,206,901</u>                | <u>117,876</u>         | <u>(5,527,546)</u>                   | <u>4,797,231</u>                                 |

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Audeara Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2021**

|   | <b>Note</b> | <b>31 Dec 2021</b><br>\$ | <b>31 Dec 2020</b><br>\$ |
|---|-------------|--------------------------|--------------------------|
| <b>Cash flows from operating activities</b>                           |             |                          |                          |
| Receipts from customers (inclusive of GST)                            |             | 925,610                  | 785,004                  |
| Payments to suppliers and employees (inclusive of GST)                |             | (2,756,708)              | (1,185,925)              |
|   |             | (1,831,098)              | (400,921)                |
| Interest received   |             | -                        | 10                       |
| Research and development tax incentive                                |             | 219,856                  | 218,623                  |
| Interest and other finance costs paid                                 |             | (5,709)                  | (2,020)                  |
| Net cash used in operating activities                                 |             | (1,616,951)              | (184,308)                |
| <b>Cash flows from investing activities</b>                           |             |                          |                          |
| Payments for property, plant and equipment                            | 10          | (178,284)                | (2,294)                  |
| Payments for intangibles  | 12          | (58,596)                 | (5,516)                  |
| Payments for security deposits  |             | (41,731)                 | -                        |
| Net cash used in investing activities                                 |             | (278,611)                | (7,810)                  |
| <b>Cash flows from financing activities</b>                           |             |                          |                          |
| Proceeds from issue of convertible notes                              |             | -                        | 743,961                  |
| Repayment of lease liabilities  |             | (20,292)                 | (25,374)                 |
| Repayment of insurance premium funding                                |             | (45,310)                 | -                        |
| Net cash from/(used in) financing activities                          |             | (65,602)                 | 718,587                  |
| Net increase/(decrease) in cash and cash equivalents                  |             | (1,961,164)              | 526,469                  |
| Cash and cash equivalents at the beginning of the financial half-year |             | 5,737,612                | (252,338)                |
| Cash and cash equivalents at the end of the financial half-year       | 6           | <u>3,776,448</u>         | <u>274,131</u>           |

*The above statement of cash flows should be read in conjunction with the accompanying notes*

### **Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

#### **New or amended Accounting Standards and Interpretations adopted**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Note 2. Going concern**

For the period ended 31 December 2021, the Company incurred a loss after income tax of \$1,204,954 (2020: \$283,020) and had cash outflows from operating activities of \$1,616,951 (2020: \$184,308). Prima facie, these factors indicate the existence of a material uncertainty relating to going concern.

The Company has invested significantly over time in the development of its A-01 and A-02 headphones and has created a range of sales channels to market. Management anticipates continuing increases in revenue from further consolidation in the Australian market and the establishment of overseas markets. Management continues to restructure the Company's cost base to better meet the needs of the Company.

- The Company completed a successful initial public offering (IPO) which raised \$7 million and the Company had cash balances of \$3,776,448 at 31 December 2021.
- At 31 December 2021, the Company had net current assets and total net assets of \$4,524,115, and \$4,797,231 respectively.

Based on the above, the Directors are of the opinion that at the date of signature of the interim report there are reasonable and supportable grounds to believe that the Company will be able to meet its liabilities from its assets in the ordinary course of business, for a period of not less than 12 months from the date of this financial report and has accordingly prepared the financial report on a going concern basis.

### **Note 3. Operating segments**

#### *Identification of reportable operating segments*

The Company manages its operations as a single business operation and there are no parts of the Company that qualify as operating segments under AASB 8 *Operating Segments*. The Board of Directors (Chief Operating Decision Maker or "CODM") assess the financial performance of the Company on an integrated basis only and accordingly, the Company is managed on the basis of a single segment, being the development of hearing health technology. Information presented to the CODM on a monthly basis is categorised by type of expenditure.

**Audeara Limited**  
**Notes to the financial statements**  
**31 December 2021**

**Note 4. Revenue**

*Revenue from contracts with customers*

|                           | <b>31 Dec 2021</b> | <b>31 Dec 2020</b> |
|---------------------------|--------------------|--------------------|
|                           | <b>\$</b>          | <b>\$</b>          |
| Sale of goods - Wholesale | 865,001            | 511,265            |
| Sale of goods - Retail    | 106,503            | 15,104             |
|                           | <u>971,504</u>     | <u>526,369</u>     |

*Disaggregation of revenue from contracts with customers*

|                                     | <b>31 Dec 2021</b> | <b>31 Dec 2020</b> |
|-------------------------------------|--------------------|--------------------|
|                                     | <b>\$</b>          | <b>\$</b>          |
| <b>Primary geographical markets</b> |                    |                    |
| Australia                           | 937,457            | 526,369            |
| North America                       | 34,047             | -                  |
|                                     | <u>971,504</u>     | <u>526,369</u>     |

**Note 5. Other income**

|   | <b>31 Dec 2021</b> | <b>31 Dec 2020</b> |
|---|--------------------|--------------------|
|   | <b>\$</b>          | <b>\$</b>          |
| Government grants   | -                  | 219,200            |
| Gain on modification of convertible note                      | -                  | 16,942             |
| Movement in the fair value of the convertible note derivative | -                  | (15,365)           |
| Other   | 9,439              | 569                |
|   | <u>9,439</u>       | <u>221,346</u>     |

**Note 6. Cash and cash equivalents**

|                       | <b>31 Dec 2021</b> | <b>30 June 2021</b> |
|-----------------------|--------------------|---------------------|
|                       | <b>\$</b>          | <b>\$</b>           |
| <i>Current assets</i> |                    |                     |
| Cash on hand          | 1,201              | 1,201               |
| Cash at bank          | 3,775,247          | 5,736,411           |
|                       | <u>3,776,448</u>   | <u>5,737,612</u>    |

**Note 7. Trade and other receivables**

|  | <b>31 Dec 2021</b> | <b>30 June 2021</b> |
|--|--------------------|---------------------|
|  | <b>\$</b>          | <b>\$</b>           |
| <i>Current assets</i>                  |                    |                     |
| Trade receivables                      | 236,796            | 130,095             |
| Research and development tax incentive | -                  | 219,856             |
|  | <u>236,796</u>     | <u>349,951</u>      |

**Audeara Limited**  
**Notes to the financial statements**  
**31 December 2021**

**Note 8. Inventories**

|                            | 31 Dec 2021<br>\$ | 30 June 2021<br>\$ |
|----------------------------|-------------------|--------------------|
| <i>Current assets</i>      |                   |                    |
| Stock in transit - at cost | 109,661           | 168,852            |
| Stock on hand - at cost    | 376,787           | 122,568            |
|                            | <u>486,448</u>    | <u>291,420</u>     |

**Note 9. Other assets**

|                       | 31 Dec 2021<br>\$ | 30 June 2021<br>\$ |
|-----------------------|-------------------|--------------------|
| <i>Current assets</i> |                   |                    |
| Prepayments           | 451,285           | 64,041             |
| Security deposits     | 55,481            | 13,750             |
| Other deposits        | 369,263           | 53,129             |
|                       | <u>876,029</u>    | <u>130,920</u>     |

Prepayments include 20,000 chipsets purchased at a cost of \$330,012 as a precaution to the current global chipset supply issues.

**Note 10. Property, plant and equipment**

|                                | 31 Dec 2021<br>\$ | 30 June 2021<br>\$ |
|--------------------------------|-------------------|--------------------|
| <i>Non-current assets</i>      |                   |                    |
| Computer equipment - at cost   | 184,236           | 5,952              |
| Less: Accumulated depreciation | <u>(15,779)</u>   | <u>(2,189)</u>     |
|                                | <u>168,457</u>    | <u>3,763</u>       |

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

|                             | Computer<br>equipment<br>\$ |
|-----------------------------|-----------------------------|
| Balance at 1 July 2021      | 3,763                       |
| Additions                   | 178,284                     |
| Depreciation expense        | <u>(13,590)</u>             |
| Balance at 31 December 2021 | <u>168,457</u>              |

**Note 11. Right-of-use assets**

|                                | 31 Dec 2021<br>\$     | 30 June 2021<br>\$   |
|--------------------------------|-----------------------|----------------------|
| <i>Non-current assets</i>      |                       |                      |
| Buildings - right-of-use       | 219,655               | 90,072               |
| Less: Accumulated depreciation | <u>(18,306)</u>       | <u>(78,813)</u>      |
|                                | <u><u>201,349</u></u> | <u><u>11,259</u></u> |

During the half-year, the Company entered into a new lease for office premises. The new lease is for 3 years and the Company has the option to renew for a further 3 years.

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

|                             | Buildings<br>\$       |
|-----------------------------|-----------------------|
| Balance at 1 July 2021      | 11,259                |
| Additions                   | 219,655               |
| Depreciation expense        | <u>(29,565)</u>       |
| Balance at 31 December 2021 | <u><u>201,349</u></u> |

**Note 12. Intangibles**

|                                  | 31 Dec 2021<br>\$     | 30 June 2021<br>\$   |
|----------------------------------|-----------------------|----------------------|
| <i>Non-current assets</i>        |                       |                      |
| Development - at cost            | <u>58,596</u>         | <u>-</u>             |
| Patents and trademarks - at cost | 60,850                | 60,850               |
| Less: Accumulated amortisation   | <u>(12,810)</u>       | <u>(11,402)</u>      |
|                                  | <u><u>48,040</u></u>  | <u><u>49,448</u></u> |
|                                  | <u><u>106,636</u></u> | <u><u>49,448</u></u> |

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

|                             | Development<br>\$    | Patents and<br>trademarks<br>\$ | Total<br>\$           |
|-----------------------------|----------------------|---------------------------------|-----------------------|
| Balance at 1 July 2021      | -                    | 49,448                          | 49,448                |
| Additions                   | 58,596               | -                               | 58,596                |
| Amortisation expense        | <u>-</u>             | <u>(1,408)</u>                  | <u>(1,408)</u>        |
| Balance at 31 December 2021 | <u><u>58,596</u></u> | <u><u>48,040</u></u>            | <u><u>106,636</u></u> |

**Note 13. Trade and other payables**

|                            | 31 Dec 2021<br>\$ | 30 June 2021<br>\$ |
|----------------------------|-------------------|--------------------|
| <i>Current liabilities</i> |                   |                    |
| Trade payables             | 469,149           | 259,791            |
| Accrued expenses           | 60,309            | 92,670             |
| BAS payable                | 25,261            | 41,089             |
| Other payables             | 74,953            | 12,419             |
|                            | <u>629,672</u>    | <u>405,969</u>     |

**Note 14. Lease liabilities**

|                                | 31 Dec 2021<br>\$ | 30 June 2021<br>\$ |
|--------------------------------|-------------------|--------------------|
| <i>Current liabilities</i>     |                   |                    |
| Lease liability - buildings    | 47,783            | 12,811             |
| <i>Non-current liabilities</i> |                   |                    |
| Lease liability - buildings    | 164,391           | -                  |
|                                | <u>212,174</u>    | <u>12,811</u>      |

During the half-year, the Company entered into a new lease for office premises. The new lease is for 3 years and the Company has the option to renew for a further 3 years.

**Note 15. Reserves**

|                              | 31 Dec 2021<br>\$ | 30 June 2021<br>\$ |
|------------------------------|-------------------|--------------------|
| Share-based payments reserve | <u>117,876</u>    | <u>24,301</u>      |

*Movements in reserves*

Movements in each class of reserve during the current financial half-year are set out below:

|                             | Share-based<br>payments<br>\$ |
|-----------------------------|-------------------------------|
| Balance at 1 July 2021      | 24,301                        |
| Share-based payments        | <u>93,575</u>                 |
| Balance at 31 December 2021 | <u>117,876</u>                |

**Note 16. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 17. Events after the reporting period**

On 1 January 2022, Dr Elaine Saunders joined the Board of Audeara as an Independent Non-executive Director. Elaine's understanding and knowledge of the hearing health care space is second to none. Her work with Blamey Saunders hears is particularly notable, having designed and manufactured Australia's own unique and self-fit hearing aid, pioneering tele-audiology in Australia.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Note 18. Earnings per share**

|   | 31 Dec 2021<br>\$  | 31 Dec 2020<br>\$ |
|---|--------------------|-------------------|
| Loss after income tax attributable to the owners of Audeara Limited                       | <u>(1,204,954)</u> | <u>(283,020)</u>  |
|   | Number             | Number            |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>105,000,000</u> | <u>59,345,047</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>105,000,000</u> | <u>59,345,047</u> |
|   | Cents              | Cents             |
| Basic earnings per share  | (1.15)             | (0.48)            |
| Diluted earnings per share  | (1.15)             | (0.48)            |

The weighted average number of ordinary shares at 31 December 2020 has been restated for the effect of the share split completed in March 2021 in accordance with AASB 133 *Earnings per share*.

**Audeara Limited**  
**Directors' declaration**  
**31 December 2021**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Dr James Fielding  
Director

28 February 2022  
Brisbane

# Independent Auditor's Review Report

## To the Members of Audeara Limited

### Report on the review of the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Audeara Limited (the Company), which comprises the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Audeara Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Audeara Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

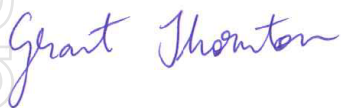
#### Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Cameron Smith  
Partner – Audit & Assurance

Brisbane, 28 February 2022