

Q4 FY23 Quarterly Activities Report & Appendix 4C

Audeara Ltd (ASX: AUA) ('Audeara' or 'the Company') is pleased to provide the following update for the quarter ending 30 June 2023.

Key Highlights

AUDEARA:

- ▶ **Record quarterly revenue delivered (unaudited)**
 - ▶ Highest revenue quarter to date of \$0.94m - up 23% year on year (yoy) (Q4 FY22: \$0.76m) and up 54% quarter on quarter (qoq) (Q3 FY23: \$0.67m).
 - ▶ Total unaudited FY23 revenue \$2.9m, a 40% increase yoy (FY22: \$2.07m).
 - ▶ FY23 unaudited cash receipts of \$3.05m, up 50% yoy (FY22: \$2.03m)
- ▶ **Pleasant reduction in operating cash outflows**
 - ▶ Operating net cash outflows of \$0.69m - reduced 11% yoy (Q4 FY22: \$0.78m) and reduced 14% qoq (Q3 FY23: \$0.81m) following reduced staffing costs and Director fees and higher revenue.
- ▶ **Europe: WS Audiology Austria, Demant A/S Hungary underpinning international expansion**
 - ▶ First purchase orders from global audiology groups WS Audiology & Demant A/S in Europe. Discussions regarding additional expansion opportunities are ongoing.
 - ▶ Negotiation ongoing with Amplifon S.p.A (Amplifon) for market entry to European countries - expected to occur during FY24.
- ▶ **USA: Products launched via WS Audiology's HearUSA Flagship location in May 2023**

AUA Technology:

- ▶ **Music Instrument (MI) brand product development for licensing revenue stream on track for H1 FY24 mass production**
- ▶ **Strong progress in development of Healthy Hearing Earbuds continues with strategic partner Clinico Inc ahead of FY24 launch**
- ▶ **Dr Ian O'Brien joins industry leaders at WHO 'Make Listening Safe' symposium**

Investor Webinar:

Audeara Ltd (ASX: AUA) will host an Investor Webinar on **Thursday 20 July 2023, 11:00 AM - 12:00 PM AEST** with CEO Dr James Fielding. [Register here for the webinar.](#)



Management commentary

Chief Executive Officer, Dr James Fielding said:

“Operations in the June quarter were highlighted by a record revenue result, which reflected both the strength of our Australian operations and strong strategy execution to pursue growth in international markets while progressing workstreams to allow for the licensing of our solutions to third parties to further grow revenue.

“Audeara is now positioned to capitalise on additional sales and distribution opportunities both domestically and abroad in the second half of 2023, leveraging existing networks with customers, distribution partners and industry groups. These initiatives were complemented during the period by a disciplined focus on cost management, which resulted in record revenues alongside a pleasing reduction in cash outflows.”

Financial overview

- ▶ Q4 FY23 cash receipts \$0.59m, down 13% yoy (Q4 FY22: \$0.68m) - an additional \$0.38m of receivables was received subsequent to the end of the quarter
- ▶ Q4 FY23 net operating cash outflows \$0.69m reduced 11% yoy (Q4 FY22: \$0.78m)
- ▶ Q4 FY23 revenue of \$0.94m, a 23% increase yoy (Q4 FY22: \$0.76m)

Audeara continued to deliver pleasing revenue growth during the quarter, which was underpinned by the Company's established footprint in Australia, as well as international sales (detailed below). This led to a record result and takes total unaudited FY23 revenue to \$2.9m, a 40% increase yoy (FY22: \$2.07m). This coincides with FY23 cash receipts of \$3.05m, up 50% yoy (FY22: \$2.04m) and FY23 net operating cash usage of \$2.96m, reduced 20% yoy (FY22: \$3.72m).

While the Company remained focused on revenue generation, the Board and management also successfully reduced operating cash outflows. This was highlighted by a reduction in staff costs, director fees, and marketing.

Additionally, payments for product continued to align with cash receipts from sales as a result of revised payment terms with manufacturers, markedly reducing the cash conversion cycle for stock purchases.

With increasing sales, international expansion opportunities and an ongoing focus on managing expenditure, Audeara is well placed to execute on a number of growth opportunities in FY24. The Company retained a cash balance of \$2.61m as at 30 June 2023.

Payments to related parties for directors' fees (executive and non-executive directors) were \$145k, being a reduction of 22.5% from the March quarter.



Operational overview

Purchase orders from Europe and USA from global audiology groups and international expansion initiatives

The Company secured a number of purchase orders from large, global audiology groups during the period, which provide ongoing validation of its product suite, while underpinning international expansion opportunities.

WS Audiology

WS Audiology operates in over 130 international markets and has been working with Audeara following an Australian supply agreement via WS Audiology's brand Bloom Hearing which commenced in early 2021. In Austria WS Audiology Group operates under the bloom Hoerakustik banner and recently launched the Audeara A-02 TV Bundles across all 21 locations in June. The national rollout in Austria follows extensive discussions at a global level with WS Audiology and is a sign of confidence in product-market fit across Europe.

Alongside European market expansion, Audeara and WS Audiology subsidiary, HearUSA has commenced piloting the Audeara A-02 TV Bundles at flagship location Florida Palm Gardens. HearUSA introduced the Company's product at a first of its kind centre featuring state-of-the art engagement technologies, a sound experience room, interactive displays, and onsite hearing evaluations in May 2023.

Demant

Demant A/S is a leading audiology group that operates in 30 large addressable markets. Audeara began working with its subsidiary, Audika in Australia in December 2021. Initially, Audika commenced stocking products in Hungary, making Audeara products available for sale at trial locations at the end of June. In the USA, Demant trade as HearingLife and their product is available in introductory sites across the country as well as the aged care team based in North Carolina and New Jersey.

Amplifon

The Amplifon distribution network has the four largest retail clinic groups in Europe, which include Italy (737), France (590), Germany (571) and Spain (560). This is also underpinned by an additional 3,000 shop-in-shop locations in these countries. Across the EMEA pipeline there are 3,100 corporate owned points of sale and 3,300 shop-in-shop locations. The Australian market is serviced by 376 corporate owned and 130 shop-in-shop Amplifon locations. Audeara has undertaken considerable steps to prepare for launches in select countries alongside Amplifon in 2023.



AUA Technology project development on track and nearing completion

AUA Technology is a business unit within Audeara focused on providing the Company's proprietary technology and design capability to high impact third party organisations through a licensing and contract manufacturing model. This enables the Company to leverage its existing research and technological intellectual property to provide a unique selling proposition to third party organisations. The solutions offered via AUA Technology improves the quality of products offered by partner organisations and significantly increases the reach of the Company's personalisation and hearing health technology. The Company is in well progressed discussions with a number of potential partners and is continuing to pursue potential licensing agreements with these groups.

Music Instrument brand, product development for licensing revenue stream

Project continues to progress well and the Company anticipates the impact of this new cash generating contract manufacturing and technology licensing model in the coming quarters. This will mark the first time that Audeara's proprietary personalisation technology will be incorporated into third party products under the go-to-market strength of a well established brand.

Healthy Hearing Earbuds for Audiology Industry

Development of an in-ear style product commenced following a strategic cooperative agreement signed with the largest hearing aid retailer in Taiwan, Clinico Inc. in February 2023. Customer sentiment testing was conducted to identify the design that end-users and audiologists are most drawn to and which features are most important. The development of the products in conjunction with Clinico is expected to be completed within FY24. The subsequent launch of these innovative products utilising Audeara's innovative offering has the potential to provide additional revenue generating opportunities in major markets.



Business development initiatives focused on the Australian wholesale channel

In May, the Company participated in the Audiology Australia conference and unveiled its groundbreaking 'AudAssist' software which allows clinicians to assist clients with personalising their headphones for them.

Audiology Australia is a professional member association which represents over 3,000 audiologist members. The Company received an overwhelmingly positive response from audiologists at this event, which reinforced Audeara's position as a leader in audiology technology.

Additionally increased confidence from current stockists has led to larger scale purchases, optimising freight and delivery times. This has streamlined operations and improved customer satisfaction. Moving forward, the Company will leverage this momentum, working closely with audiologists to expand our reach and further integrate the Company's products into their practices.

Audeara joins global hearing health leaders at World Health Organisation HQ

Audeara research audiologist Dr Ian O'Brien joined global hearing health leaders at a three-day World Health Organisation (WHO) consultation in Geneva, Switzerland in June. The Make Listening Safe stakeholder consultation brought together experts, policymakers, industry representatives and health professionals to discuss and collaborate on strategies to protect people from acquiring preventable hearing loss on a global scale. WHO launched its Make Listening Safe initiative in 2015 in response to predictions that more than one billion young people worldwide are at risk of hearing loss due to unsafe listening practices.

Organised by the World Health Organisation in collaboration with the International Telecommunications Union (ITU), the consultation engages key global stakeholders to promote the adoption of existing WHO-ITU Standards of 'Safe Listening Devices' and 'Safe Listening Venues and Events'. Speaking alongside representatives from Sony and Apple on 8 June, Dr O'Brien shared his perspective on the importance of safe listening practices and the role of technology in protecting individuals' hearing.



Use of Funds Statement

Use of funds	Total use of funds outlined in Prospectus	Total actual Expenditure
	\$'000	\$'000
Product development	850	614
Investment in resources to scale the business	3,700	7,304
Working capital ¹	1,616	1,285
Cost of the Offer and Listing	834	878
Total	7,000	10,081
Add: Opening Cash prior to IPO		79
Add: Proceeds from IPO		7,000
Add: Receipts from Customers since admission		5,321
Add: Additional Capital Raise		3,800
Less: Product Manufacturing and Operating Costs		(3,497)
Remaining Cash at 30 June		2,623

Note:

¹ Includes other costs arising on admission to the ASX (\$200,000) and repayment of overdraft facility used to repay related party loan (\$179,000).



This announcement has been authorised by the board of Audeara Limited.

For more information please visit, audeara.com

ENQUIRIES

Dr James Fielding

Managing Director and Chief Executive Officer

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ABOUT AUDEARA

Audeara Limited (ASX: AUA) is a global leader in innovative listening solutions for people with hearing challenges.

Passionate about redefining hearing health, Audeara connects people with the experiences that bring them joy - whether that's watching a favourite TV show, FaceTiming family or listening to music with confidence.

Audeara headphones use a health-check algorithm to tailor sound to a unique hearing profile, delivering personalised sound for each ear.

Purposefully designed and engineered in Australia, Audeara products deliver optimum listening experiences to enhance quality of life for people of all ages and abilities.

Through its AUA Technology business unit, Audeara works with leading brands around the world to bring Audeara technology to listening devices via R&D, licensing and manufacturing partnerships.

Visit audeara.com to learn more, shop or search for a stockist near you.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Audeara Limited

ABN

27 604 368 443

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	590	3,047
1.2 Payments for		
(a) research and development	(168)	(355)
(b) product manufacturing and operating costs	(121)	(1,399)
(c) advertising and marketing	(85)	(758)
(d) leased assets	-	-
(e) staff costs	(668)	(3,031)
(f) administration and corporate costs	(236)	(785)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	316
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(688)	(2,965)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(15)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(15)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,800
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	115	115
3.6	Repayment of borrowings	(51)	(182)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	64	2,733

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,247	2,870
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(688)	(2,965)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(15)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	64	2,733
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,623	2,623

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,623	3,247
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,623	3,247

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	145
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	20	8
7.2	Credit standby arrangements	-	-
7.3	Other (insurance premium funding)	115	115
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		12
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

Westpac credit card facility, secured rolling line of credit for \$20,000 at 20.24% interest on unpaid balances.

Hunter Premium Funding, unsecured fixed term (10 month) initial fully drawn loan amount \$96,037 at 16.22% interest starting May to fund insurance premiums. Principal outstanding at 31 December \$10,057.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(690)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,623
8.3 Unused finance facilities available at quarter end (item 7.5)	12
8.4 Total available funding (item 8.2 + item 8.3)	2,635
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.8
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 19 July 2023

Authorised by the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An

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entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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