

# Q2 FY24 Quarterly Activities Report & Appendix 4C

Audeara Ltd (ASX: AUA) ('Audeara' or 'the Company') is pleased to provide the following update for the quarter ended 31 December 2023.

## Highlights

### AUDEARA:

- ▶ **Quarterly cash receipts of \$0.66m - up 5% YoY (Q2 FY23: \$0.63m)**
  - ▷ Underpinned by a considerable contribution from AUA Technology which received \$0.32m from a US-based Music Instrument (MI) brand as a cash deposit for a future purchase order
  - ▷ Cash deposit marks maiden order for hardware and first significant contribution from AUA Technology division since inception and highlights growth potential
- ▶ **Ongoing reduction in operating cash outflows**
  - ▷ Operating net cash outflows reduced by 58% QoQ (Q1 FY24: \$0.62m) and 39% YoY (Q2 FY23: \$0.43m) to \$0.26m – underpinned by reductions in staff, corporate and administration costs
  - ▷ Cash balance at end of the period of \$1.65m
  - ▷ R&D tax rebate lodged with anticipated value of \$0.6m - provides AUA with exceptional financial flexibility to drive growth trajectory
  - ▷ Additional \$0.28m in receivables from Australian clinics expected to be collected next quarter
  - ▷ AUA well placed to considerably bolster revenue profile given strong cash position
- ▶ **Unaudited revenue of \$0.36m delivered in Q2 FY24**
  - ▷ Revenue decreased slightly QoQ (Q1 FY24: \$0.43m) due to timing of large purchase orders from key counterparties
  - ▷ Revenue expected to increase during Q3 FY24 following receipt of multiple purchase orders from international counterparties and via AUA Technology division
- ▶ **Europe:**
  - ▷ First purchase orders received from Amplifon in France and Belgium during period, with maiden order from Spain secured post quarter end

### AUA Technology:

- ▶ **Work alongside US music instrument brand continued ahead of mass production anticipated H2 FY24**
- ▶ **Client demonstrations of innovative Healthy Hearing Earbuds completed with strategic partner, Clinico Inc as well as additional international partners**



## Management commentary

Chief Executive Officer, Dr James Fielding said:

“Audeara has delivered another strong quarter of progress, highlighted by the receipt of a maiden cash deposit for a pending purchase order through our AUA Technology business and an ongoing reduction in net operating cash outflows.

“During the quarter, work alongside our suite of international counterparties continued which generated purchase orders from Amplifon in both France and Belgium, as well as Spain post quarter end. This has led to our products now being stocked in 10 countries around the world with another seven in the pipeline for FY24.

“The Company also continued to work alongside its US-based music instrument customer and secured a cash deposit ahead of broader mass production later this year. This marked the maiden hardware purchase order secured by AUA Technology and validates the considerable amount of work undertaken to date.

“During the current quarter, the Company will maintain a stringent focus on capital preservation and channel resources into high growth opportunities including ongoing European expansion and AUA Technology manufacturing initiatives. We look forward to providing further updates over the coming months.”

## Financial overview

- ▶ Cash receipts for Q2 FY24 were \$0.66m, a YoY increase of 5% (Q2 FY23: \$0.63m) - increase underpinned by receipt of cash deposit via AUA Technology division
- ▶ Revenue generated totalled \$0.36m (unaudited) - a slight decrease QoQ primarily due to the timing of large purchase orders from domestic and international counterparties
- ▶ Operating net cash outflows were \$0.26m - a reduction of 58% QoQ (Q1 FY24: \$0.61m) and a 39% decrease YoY (Q2 FY23: \$0.43m)
- ▶ Payments to related parties for directors' fees (executive and non-executive directors) were at \$0.14m, comparable QoQ with a reduction of 26% YoY
- ▶ Cash at bank as at 31 December 2023 was \$1.65m. R&D tax rebate of approximately \$0.6m expected to be received in Q3 FY24 - provides exceptional financial flexibility

Audeara's revenue and receipts from customers were underpinned by the Company's established footprint in Australia, as well as purchase orders from European-based customers. Pleasingly, Audeara also received a cash deposit from a major US Music Instrument (MI) company valued at \$0.32m, which marks the first major contribution from the division since inception. The cash deposit was secured prior to the receipt of a larger purchase order, which is expected in early H2 FY24.

While the Company continued to aggressively pursue growth initiatives, the Board and management remained focused on continuing to reduce operating cash flows. This was highlighted by a considerable decrease in expenditure on a QoQ and YoY basis, which included



staff, administration and corporate costs dropping to \$0.61m in the December quarter compared to \$1.02m in the September quarter, a reduction of 40% QoQ.

As at 31 December 2023, Audeara retained a cash balance of \$1.65m. Coupled with a pending R&D tax rebate, which is anticipated to be received in Q3 FY24, the Company is very well placed to capitalise on a number of imminent growth initiatives.

### Operational overview

#### AUA Technology strengthens footprint in global addressable markets

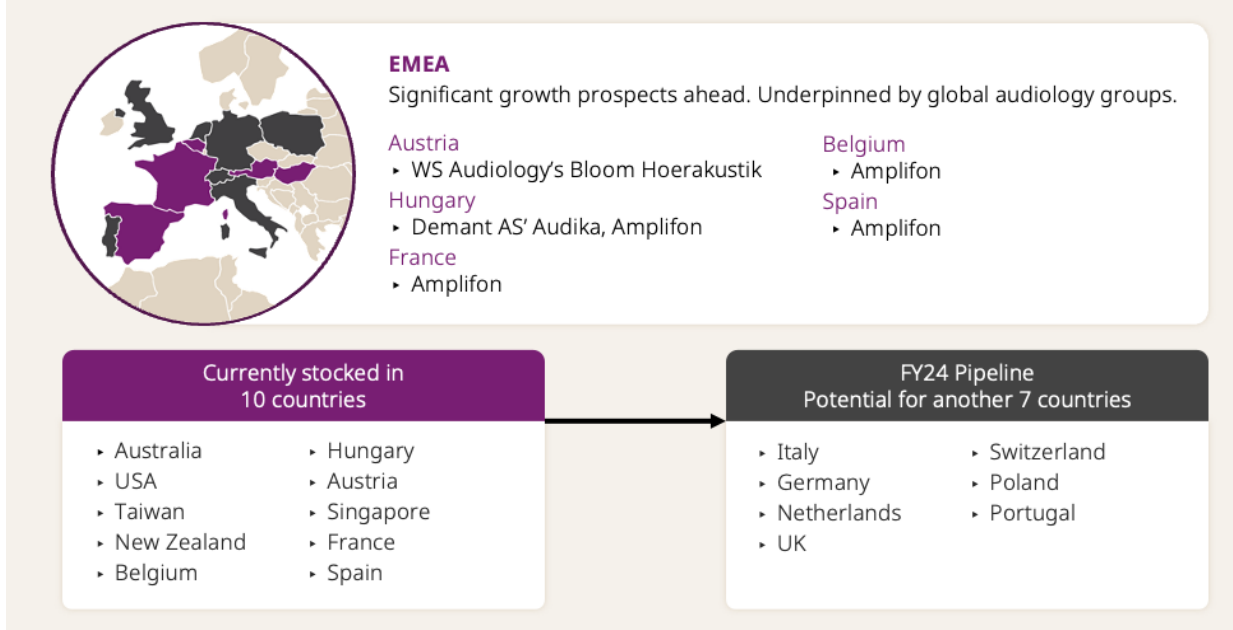
During the quarter, Audeara continued to execute on its stated expansion strategy for AUA Technology - the engineering platform which leverages the Company's IP and proprietary technology to generate additional revenue streams through white label product manufacturing and licensing agreements.

Cash receipts during the quarter were underpinned by a \$0.32m cash payment from a US-based Music Instrument brand, which was booked as a deposit ahead of a larger forthcoming purchase order. The deposit followed an extensive period of engagement between the parties which included rigorous product testing and live demonstrations, marking the maiden order for hardware within the AUA Technology platform's multi-channel revenue pathway.

With the receipt of the deposit for the first purchase order, Audeara remains confident that the work carried out today has established the framework for a longer-term cash generating agreement. It also continues to highlight the potential for Audeara's technology to expand from its core target markets into major industries, with the benefit of distribution support from global brands.

#### Key distribution milestone in European markets

Audeara has continued to execute on a targeted partnership approach to support the rollout of its technology across European markets. During the December quarter, the Company secured stocking arrangements for its proprietary headphone products in France and Belgium, with an additional agreement for Spain secured post quarter-end.



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The initial stocking arrangements follow active negotiations over the past 12 months after Audeara targeted expansion into Europe via its existing connections to global audiology groups including Demant, WS Audiology and Amplifon. In turn, the agreements in France, Belgium and Spain mark ongoing execution of the Company's stated growth strategy and Audeara now has an opportunity to follow the pathway to scale in Europe that it established in Australia.

As a health technology solution operating in a strict regulatory environment, Audeara's domestic success was established through an extensive trial pathway that ultimately led to large-scale national orders by major audiology groups. In that context, the securing of initial product agreements in three large European jurisdictions marks an important milestone in a market where the major audiology providers serve addressable markets that are roughly 10 times the size of Australia.

### Healthy Hearing Earbuds for Audiology Industry

As part of its broader product development pipeline, Audeara also completed a round of client demonstrations for its Healthy Hearing Earbuds. Through its partnership with Clinico, Audeara has direct distribution access to Taiwan and China which is expected to support broader global rollout opportunities across its product suite.

### Board changes

During the quarter, Dr Elaine Saunders tendered her resignation as a Non-Executive Director to the Board. Dr Saunders made a valuable contribution to the strategic direction of the Company over a two-year period, following her appointment in January 2022. The Company would again like to thank Dr Saunders for her efforts and wish her well in the future.

### Annual General Meeting

The Company held its Annual General Meeting on 27 November 2023, with all resolutions being passed on a poll. Approval of the 7.1A Mandate was passed by a sufficient majority as a special resolution.

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

For more information please visit, [audeara.com](https://audeara.com)

#### CORPORATE & MEDIA ENQUIRIES

**Dr James Fielding**

Managing Director and Chief Executive Officer

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#### INVESTOR ENQUIRIES

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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](https://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")**

31 DECEMBER 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	664	1,437
1.2 Payments for		
(a) research and development	(114)	(212)
(b) product manufacturing and operating costs	(145)	(352)
(c) advertising and marketing	(70)	(179)
(d) leased assets (including premises)	-	-
(e) staff costs	(455)	(1,187)
(f) administration and corporate costs	(158)	(449)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	14
1.5 Interest and other costs of finance paid	(3)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	14	55
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(262)</b>	<b>(880)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(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 (6 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.6	Repayment of borrowings	(44)	(81)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(44)</b>	<b>(81)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,961	2,623
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(262)	(880)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(44)	(81)
4.5	Effect of movement in exchange rates on cash held	(5)	(12)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,650</b>	<b>1,650</b>

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	1,650	1,961
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,650</b>	<b>1,961</b>

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	142
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.*



<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	20	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	12	-
7.4 <b>Total financing facilities</b>	32	-
7.5 <b>Unused financing facilities available at quarter end</b>		32
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.		
7.1. Westpac Banking Corporation credit card facility, secured rolling line of credit for \$20,500 at 20.24% interest on unpaid balances.		
7.3. Unsecured Hunter premium funding, principal outstanding at 31 December 2023 \$12k.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(262)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,650
8.3 Unused finance facilities available at quarter end (item 7.5)	32
8.4 Total available funding (item 8.2 + item 8.3)	1,682
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	6.4
<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?	
N/A	
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?	
N/A	
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?	
N/A	
<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: 31 January 2024

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

## 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 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.