

ASX Announcement 31 July 2024

Q4 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 30 June 2024.

- ▶ **Record full year cash receipts of \$3.54m up 14% from \$3.05m YoY**
- ▶ **Record quarterly revenue (unaudited) of \$1.56m underpinned by first shipments of product developed for Avedis Zildjian**
 - ▷ **164% increase on March Quarter (\$0.6m)**
 - ▷ **66% increase on previous record quarter of June 23 (\$0.94m)**
- ▶ FY24 net cash outflows of (\$1.3m), reduced 56% from (\$3m) in PCP
- ▶ **Additional opportunities progressing well for AUA Technology in large Asian markets via strategic partnerships**
- ▶ **Milestone revenue recognition for AUA Technology with first shipments of product developed for Avedis Zildjian contributing \$1.1m**
- ▶ **Clinico co-branded product demonstrations well received ahead of proposed H2 CY24 launch**
- ▶ **Cost optimisation initiatives with reductions in operating expenditure on a PCP basis down 11.11% to \$5.6m (FY23: \$6.3m)**
- ▶ **Financial highlights:**
 - ▷ Q4 FY24 cash receipts \$982,000
 - ▷ Q4 FY24 unaudited revenues of \$1.56m, a record high and a gain of 164% from Q3 FY24
 - ▷ YTD FY24 net cash outflows (\$1.29m), down 56% from the PCP (\$2.97m)
 - ▷ \$1.268m in cash or equivalents at 30 June



Management commentary

Chief Executive Officer, Dr James Fielding said:

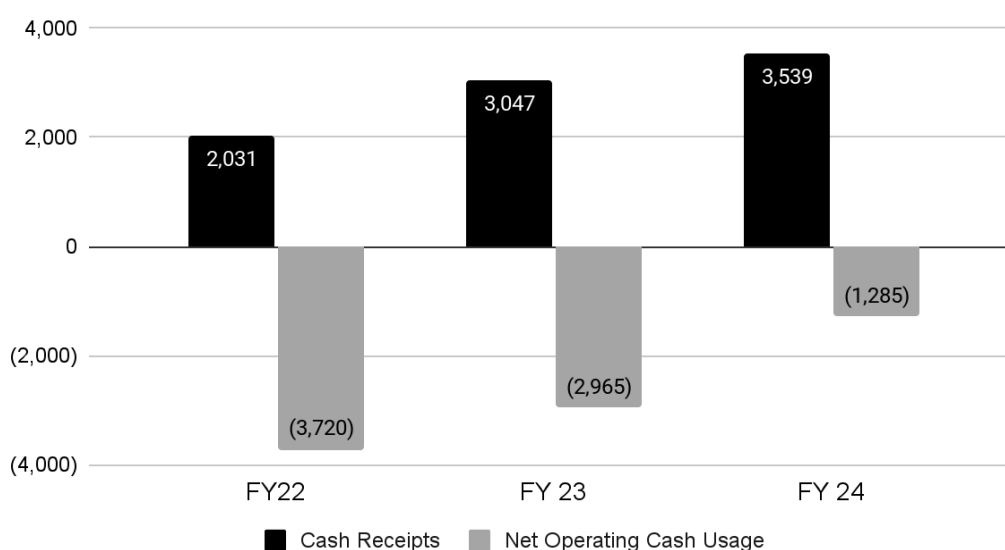
"We are pleased to present this summary of our June quarter operations, which were highlighted by a record quarterly revenue (unaudited) of \$1.56m. The comparative analytics, showing a quarterly gain in revenues of 164% compared to March 2024, reflect the potential of our AUA Technology division to generate a significant step-change in group revenues, now that the Company has established product-market fit with one of the world's largest and longstanding musical instrument manufacturing companies.

"During the quarter, the Audeara management team progressed ongoing discussions with more potential customers and commercial partners, including large international audiology groups, who have expressed interest in incorporating the AUA Technology platform into their product or service offering. The conversion of the group's R&D success with AUA Technology into commercialisation opportunities remains a core priority of the board and management team, and we look forward to providing more updates on these initiatives across both our hardware and software suite in the second half of 2024."

Financial overview

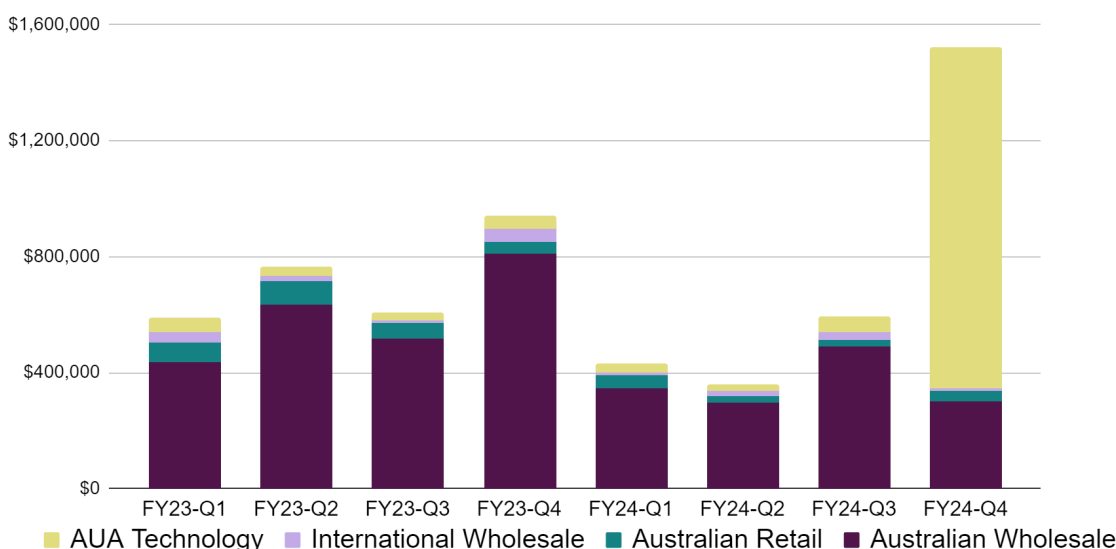
- ▶ Cash receipts for Q4 FY24 were \$982,000, a 12% decrease on Q3 FY24
- ▶ Cumulative 12 month FY24 cash receipts of \$3.54m, up 16% from FY23
- ▶ Quarterly revenue generated totalled \$1.56m (unaudited) - a quarterly record high
- ▶ Payments to related parties for directors' fees (executive and non-executive directors) were at \$0.095m
- ▶ Cash at bank as at 30 June 2024 was \$1.268m

Cash: Receipts vs Operating Usage





Sales by Quarter



Operational overview

Record revenues with additional distribution opportunities in Asian markets

Quarterly operations were highlighted by record-high group revenues of \$1.56m (unaudited), underpinned by the AUA Technology business which generated revenues of \$1.1m of the \$2.1m purchase order placed by Zildjian, following the first of several scheduled product shipments in connection with Audeara's strategic manufacturing partnership with the global musical instrument manufacturer (refer ASX Announcement 27 February 2024).

During the quarter, Audeara also advanced discussions with other potential commercial partners, including several multinational audiology groups. The manufacturing agreement with Zildjian is expected to act as a springboard to additional opportunities for Audeara to licence its market-leading AUA Technology platform with other large customers. Audeara has also considerably advanced commercial discussions with potential partners in key Asian jurisdictions, including Japan and Taiwan.

International Marketing Campaign: "Hear It Your Way"

Building on the Company's successful expansion into European markets, Audeara launched its first international marketing campaign in May. This comprehensive initiative, extending across Austria, Hungary, France, Spain, Belgium, Australia, and New Zealand, marks a pivotal advancement in our global growth strategy.

The campaign, which is due to be in market through to September, has already led to maiden purchase orders from France and repeat orders from Spain, highlighting the positive reception and growing demand for Audeara products which now have a clinic network of over 3,000 stockists in Europe.



Audeara at ACAud 2024: Showcasing Innovation with Auracast™ Technology

Audeara's participation in the ACAud National Congress 2024 provided valuable exposure, reinforcing its position at the forefront of hearing health innovation. ACAud is an annual premier event that brings together industry leaders, innovators, and decision-makers in the hearing sector for strategic discussions and networking.

The highlight of the conference was our collaboration with global key opinion leader, Andrew Bellavia. As part of his keynote speech, Audeara management provided prototype product samples to him and audience members in order to showcase the abilities of Auracast™ – the latest in Bluetooth® audio technology. The demonstration received an overwhelmingly positive response, indicating that the Company's product development is resonating with industry experts and stakeholders. Following this successful demonstration, the Company has received additional opportunities to participate in leading conversations around Auracast™ technology.

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

For more information please visit, audeara.com

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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 the 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.

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 2024

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	982	3,539
1.2 Payments for		
(a) research and development	(164)	(487)
(b) product manufacturing and operating costs	(848)	(1,659)
(c) advertising and marketing	(76)	(351)
(d) leased assets (including premises)	(1)	(1)
(e) staff costs	(484)	(2,165)
(f) administration and corporate costs	(315)	(938)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	22
1.5 Interest and other costs of finance paid	(3)	(11)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	37	765
1.8 Other (provide details if material)	1	1
1.9 Net cash from / (used in) operating activities	(867)	(1,285)
2. Cash flows from investing activities		
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	-	-

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	-	-

3.	Cash flows from financing activities		
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	121	121
3.6	Repayment of borrowings	(61)	(154)
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	60	(33)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,081	2,623
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(867)	(1,285)
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 (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	60	(33)
4.5	Effect of movement in exchange rates on cash held	(6)	(37)
4.6	Cash and cash equivalents at end of period	1,268	1,268

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	1,268	2,081
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,268	2,081

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	95
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	21	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	86	86
7.4 Total financing facilities	107	86
7.5 Unused financing facilities available at quarter end		21
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 \$20,844 at 20.24% interest on unpaid balances. 7.3: Hunter Premium Funding, unsecured fixed term (10 months) initially fully drawn loan amount \$126,392 at 4.95% interest starting April 2024 to fund insurance premiums. Principal outstanding at 30 June 2024 is \$85,981.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(867)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,268
8.3 Unused finance facilities available at quarter end (item 7.5)	21
8.4 Total available funding (item 8.2 + item 8.3)	1,289
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.5
<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?	
No. The Company is anticipating cash inflows from receivables, deposits and new business.	
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?	
No. However, based on its previous capital raisings, the Company remains confident in its ability to raise required funds as and when needed.	
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?	
Yes. The entity does expect to be able to continue its operations and to meet its business objectives on the basis of the factors presented at 8.6.1 and 8.6.2.	
<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 July 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.