

ASX Announcement 29th October 2024

## Q1 FY25 Quarterly Activities Report & Appendix 4C

Audeara Ltd (ASX: AUA) ('Audeara' or 'the Company') is pleased to provide the following update for the three-month period ended 30 September 2024 ('Q1 FY25').

- ▶ Record quarterly cash receipts of \$1.2m up 53% YoY (Q1 FY24: \$0.77m) and 20% QoQ (Q4 FY24: \$0.98m).
- ▶ Quarterly revenue of \$1.42m underpinned by shipments of product developed for Avedis Zildjian - a 230% increase YoY (PCP: \$0.43m).
- ▶ Major milestones achieved via AUA Technology in large Asian markets through strategic partnerships.
  - ▷ Binding Letter of Intent secured with Eastech Limited to enter the Chinese hearing aid market, leveraging Audeara's proprietary technology for medical device development.
  - ▷ Cash deposit of \$180k and initial purchase order received for \$570k (subsequent to end of quarter) from Clinico Inc. for healthy hearing bud products.
- ▶ Ongoing engagement with Avedis Zildjian including launch of the Perfect Tune Headphones and receipt post quarter-end of a cash deposit for long lead-time components ahead of next purchase order, which is expected to underpin expansion to additional markets.
- ▶ **Financial highlights:**
  - ▷ Q1 FY25 cash receipts of \$1.2m
  - ▷ Quarterly revenue of \$1.42m
  - ▷ Q1 FY25 net cash outflows of (\$0.28m), down 70% QoQ from (\$0.87m)
  - ▷ \$0.92m in cash or equivalents at quarter end with \$0.68m in R&D tax rebates expected this quarter



## Management commentary

Chief Executive Officer, Dr James Fielding said:

"The September quarter represented another period of strong execution with respect to our stated growth strategy, highlighted by ongoing momentum for the group's well established and fast-growing AUA Technology division. Pleasingly, this progress was achieved alongside consistent trend improvements in key financial metrics, including cash receipts and net operating cash flows."

"Quarterly cash flows were underpinned by Audeara's production licensing agreement with global music instrument manufacturer Zildjian, which was first announced in February and continues to generate strong sales at attractive margins. That momentum was complemented post-balance date with a material purchase order from Clinico, which provides Audeara with a solid margin on product and strategic distribution footprint across major Asia-Pacific markets including China.

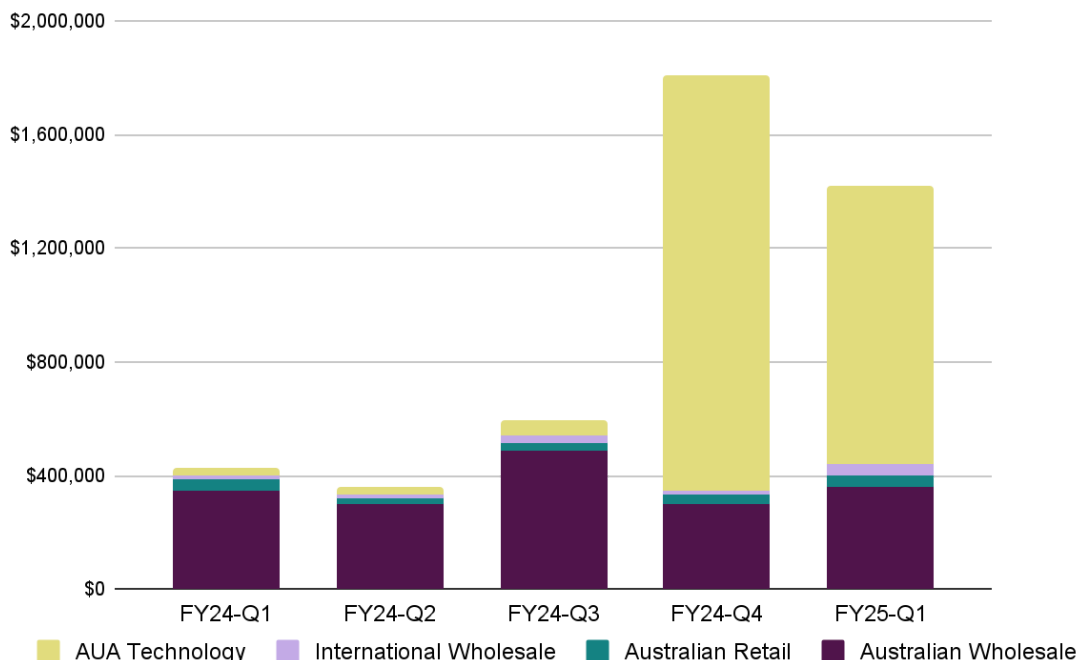
"The September quarter marked the second consecutive quarter where AUA Technology was the major contributor to group sales, further highlighting the delivery of our stated strategy but also the major addressable market opportunity Audeara now has before it. We look forward to providing more updates in the December quarter and beyond, as we continue to pursue commercialisation opportunities for this Australian-made technology in international markets."

## Financial overview

- ▶ Cash receipts for Q1 FY25 were \$1.2m up 24% QoQ
- ▶ Quarterly revenue generated totalled \$1.42m
- ▶ Operating cash outflow of (\$0.28m) - Ongoing reductions highlight AUA's continued focus on capital efficiency
- ▶ Payments to related parties for directors' fees at \$0.13m
- ▶ Cash at bank as at 30 September 2024 was \$0.92m
- ▶ R&D tax incentive of \$0.68m anticipated to materialise this quarter providing financial flexibility



## Sales by Quarter



## Operational overview

During the quarter, Audeara achieved a number of significant milestones, which lay a strong foundation for growth and a broader presence in the Asian markets.

- Eastech Agreement:** Audeara secured a binding Letter of Intent (LOI) with Eastech, a Taiwan Stock Exchange-listed company valued at approximately A\$530 million. This LOI aims to bring Audeara's innovative hearing health solutions to the Chinese market, where an estimated 426m people suffer from hearing loss. Under the terms, Audeara will licence its technology to enable the development of medical devices manufactured under Eastech's National Medical Products Administration (NMPA) certification. This partnership is expected to create a robust pipeline for future products targeting the rapidly growing healthcare sector in China.
- Clinico Purchase Order:** Subsequent to the end of the period, Clinico Inc., the largest hearing aid retailer in Taiwan, placed a \$570,000 purchase order for Clinico-branded healthy hearing earbuds. This followed an initial cash deposit of \$180,000 received during the period. The co-development partnership is part of a broader strategy to launch these products in Taiwan and China, with a coinciding Australian launch in the coming months through online channels and audiology clinics. This milestone signifies confidence in Audeara's solutions and positions the company to increase market share in Asia.
- Ongoing momentum with Zildjian:** Subsequent to quarter end, Zildjian made a long lead time cash deposit to secure components ahead of an anticipated follow up purchase order for the Perfect Tune headphones, following the success of the initial product rollout.



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

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

#### CORPORATE & MEDIA 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 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](https://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 SEPTEMBER 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,181	1,181
1.2 Payments for		
(a) research and development	(126)	(126)
(b) product manufacturing and operating costs	(507)	(507)
(c) advertising and marketing	(112)	(112)
(d) leased assets (including premises)	(1)	(1)
(e) staff costs	(504)	(504)
(f) administration and corporate costs	(191)	(191)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	7	7
1.8 Other (provide details if material)	(24)	(24)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(277)</b>	<b>(277)</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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(62)	(62)
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>(62)</b>	<b>(62)</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	1,271	1,271
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(277)	(277)
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 (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(62)	(62)
4.5	Effect of movement in exchange rates on cash held	(16)	(16)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>916</b>	<b>916</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	916	1,271
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>916</b>	<b>1,271</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	132
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>		

<b>7. Financing facilities</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>	<b>Total facility amount at quarter end</b> <b>\$A'000</b>	<b>Amount drawn at quarter end</b> <b>\$A'000</b>
7.1 Loan facilities	21	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	51	51
7.4 <b>Total financing facilities</b>	72	51
7.5 <b>Unused financing facilities available at quarter end</b>		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 September 2024 is \$50,830.		

<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)	(277)
8.2 Cash and cash equivalents at quarter end (item 4.6)	916
8.3 Unused finance facilities available at quarter end (item 7.5)	21
8.4 Total available funding (item 8.2 + item 8.3)	937
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.4
<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: 29 October 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.