

Jul 21, 2022

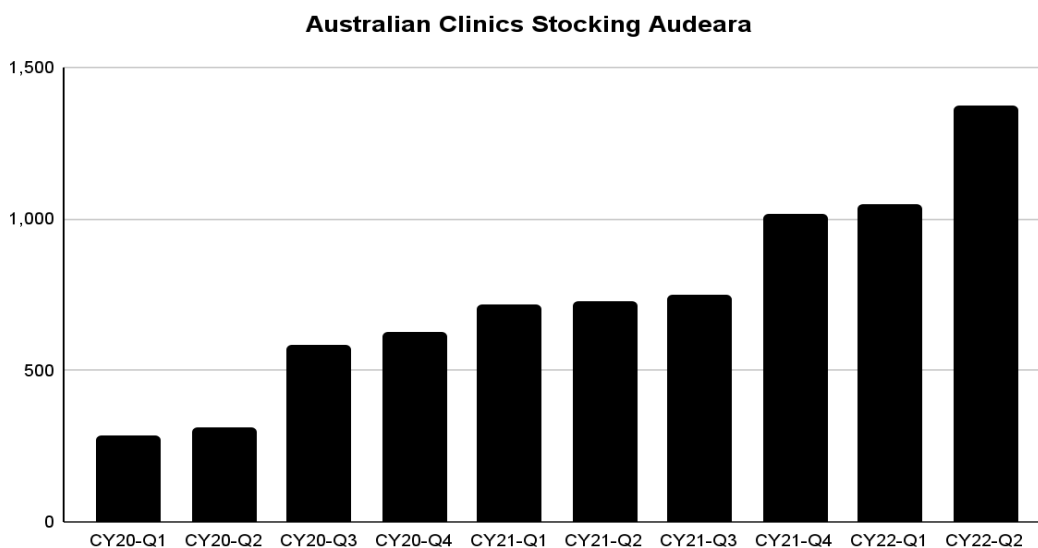
ASX ANNOUNCEMENT

June 2022 Quarterly Activity Report

Audeara Ltd (ASX: AUA) ('Audeara' or 'the Company') provides the following update on the Company's performance in the June quarter.

- Q4 FY22 unaudited revenue totalled \$0.909m representing +175% growth PCP
- Full FY22 unaudited revenue result totalled \$2.211m up from \$1.115m (FY21)
- Cash receipts for FY22 totalled \$2.031m
- Highest revenue quarter by the Company
- Audiology Clinic revenue up +183% year on year
- Australian Audiology clinics increase to 1,370 at 30 June 2022

AUSTRALIA AUDIOLOGY CLINIC NUMBERS – LEAD INDICATOR





Clinic growth continues with the onboarding of clinics as well as negotiations with large clinic groups and other non-clinical sales channels. At the end of the June quarter audiology clinic numbers in Australia increased to 1,370 significantly driven by the addition and initial rollout of Specsaver clinics during June.

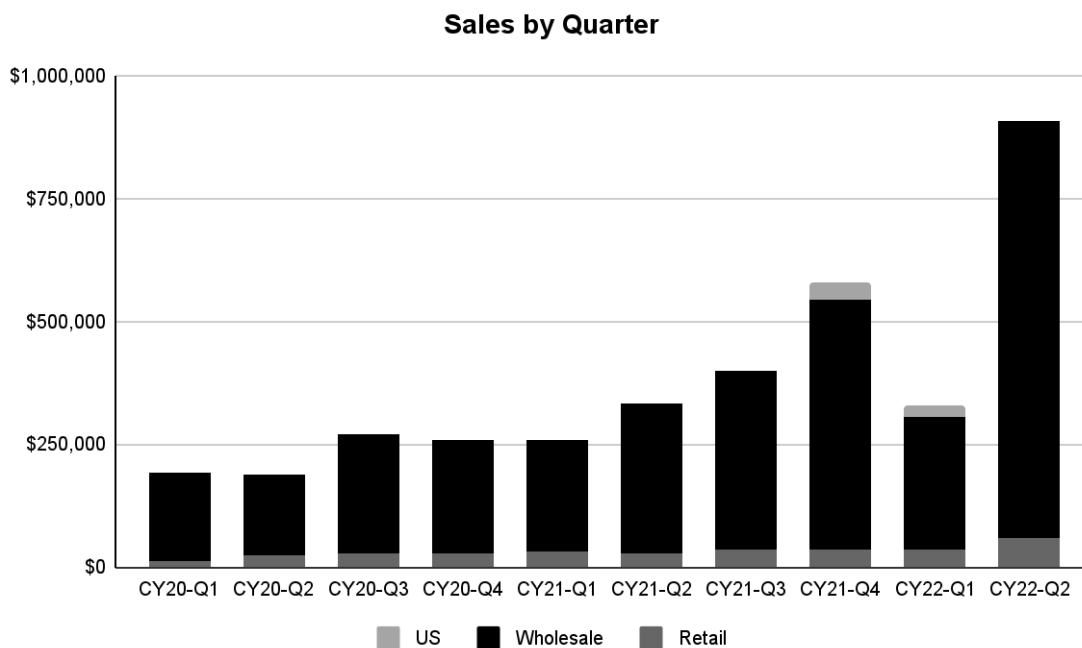
The Company continues marketing campaigns and in-clinic training programs to drive ongoing sales.

Discussions with significant international clinic groups and buyer groups continued during the quarter in line with previously announced plans for international market expansion and as previously announced.

COVID AND NATURAL DISASTERS

The continued impact of COVID variants has had less impact on logistics and audiology clinics in Australia and the US than was seen earlier in the year. Additional disruption due to unforeseen weather events in New South Wales impacted some clinics later in the quarter, but with minimal impact to overall trading. Trading conditions continued to improve and have fully recovered, however the full impacts of late flooding in NSW will not be known until next quarter due to ongoing disruption in those areas. The Company continues to monitor for new COVID outbreaks.

SALES UPDATE





Australian clinics fully recovered from COVID and unexpected weather events in key markets on the east coast of Australia, leading to the best sales quarter in the Company's history. Continuing sales momentum resulted in a particularly good close to the quarter on top of already strong sales in prior months.

Retail sales were largely unaffected by previous disruptions and steady growth continued throughout the period.

Unaudited full year revenue \$2.211m for FY22 up 98% YoY from \$1.115m for FY21.

PCP	Jun-'22	Jun-'21	Growth	%
Wholesale	\$851,771	\$301,376	\$550,395	183%
Retail	\$57,619	\$29,557	\$28,062	95%
	\$909,390	\$330,933	\$578,457	175%
Sequential	Jun-'22	Mar-'22	Growth	%
Wholesale	\$851,771	\$295,143	\$556,628	189%
Retail	\$57,619	\$35,374	\$22,245	63%
	\$909,390	\$330,517	\$578,873	175%

Table 1 - Wholesale and retail sales for the quarter compared to prior corresponding period and prior quarter.

TECHNICAL UPDATE

Introduction of the Audeara A-02 Headphones and A-02 TV Bundle is now complete and has expanded to all clinics and beyond the initial select clinics.

The AudAssist desktop software to accompany the A-02 line has started to roll out to our clinic partners and will continue over the coming months. This software allows for easy in-clinic personalisation of the headphones by utilising existing hearing profiles.

The Company has secured sufficient production capability and components to meet current forecast requirements, but continues to monitor for supply chain disruption and customer order pipeline.



CORPORATE

SHARES ON ISSUE

As at 30 June 2022, there were 115,000,000 shares on issue, of which 40,800,678 are subject to escrow through to 10 May 2024.

On 7 June 2022 the Company raised \$1,000,000 through the issue of 10,000,000 shares to a strategic investor.

OPTIONS ON ISSUE

The options are exercisable at 30 cents, have a three-year life and vested equally over three years and at 31 March 2022, there were 3,487,500 options on issue.

QUARTERLY CASHFLOW REPORT

Cash receipts from customers were \$682k in the quarter, 82% up on the previous quarter, due to recovery from previously mentioned disruptions and new sales.

Product manufacturing and operating costs reflected payment for stock and additional buffer chipset purchases. Cash outflows were \$276k, a reduction of 54% from the March quarter as sufficient A-02 stock had been sourced and consumption of already stockpiled component chipsets offset cash outlays.

Payments for staff were \$663k for the quarter, up on the March quarter by \$54k predominantly due to additional Australian sales and marketing personnel joining to grow capacity in support of the Company's growth strategies.

Advertising and marketing costs rose to \$180k for the quarter up from \$139k reflecting local and international activities in support of growth.

Administration and corporate costs were \$284k for the quarter reversing a drop in the previous quarter and reflecting timing of the Company's activities.

During the quarter the Company raised \$1million through the issue of securities to a strategic investor. Also during the quarter loan facilities were acquired of \$96k to fund insurance premiums and \$20k in credit cards for operational and working capital requirements.

At the end of the quarter, Adeera remained well-capitalised to continue its growth strategy with \$2.8 million in cash on hand.

Payments to related parties for Directors' fees was \$135k for the quarter and marginally higher than the previous quarter due to a new Director joining in January. There were no other related party payments in the quarter.

**USE OF FUNDS STATEMENT**

Use of funds	Total use of funds included in AUA Prospectus \$'000	Expenditure in Q4 FY22 \$'000	Total Expenditure \$'000
Product development	850	43	203
Investment in resources to scale the business	3,700	690	3,388
Working capital	1,616	-	886
Cost of the Offer and Listing	834	-	878
Total	7,000	733	5,355

The quarter reflects the Company's utilisation of funds to support its growth agenda. Expenditure in product development and growth is expected to continue over the coming quarters.

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

For more information please visit, adeara.com.

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ABOUT AUDEARA

Audeara makes perfect sound, always.

Audeara Ltd (ASX: AUA) is a hearing health technology company that delivers high-quality personalised audio to listeners via Bluetooth headphones.

A proprietary personalisation algorithm calibrates the headphones for an individual's unique hearing profile. This provides crystal clear sound quality for video conferencing and telephone calls and using mainstream applications like watching television, listening to music and gaming.

Categorised as an assistive listening device (ALD), Audeara's unique technology emphasises better, not louder sound. This means listeners can have a safer, high-quality listening experience that protects the hearing they have.

The Company sells its products through distributors and resellers in Australia and North America, and via e-commerce channels.

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 2022

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	682	2,031
1.2 Payments for		
(a) research and development	(51)	(149)
(b) product manufacturing and operating costs	(276)	(2,320)
(c) advertising and marketing	(180)	(382)
(d) leased assets	-	-
(e) staff costs	(663)	(2,272)
(f) administration and corporate costs	(284)	(827)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(4)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	220
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(777)	(3,723)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(12)	(130)
(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	(12)	(130)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,000	1,000
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	96	96
3.6	Repayment of borrowings	(40)	(112)
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	1,056	984

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,603	5,738
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(777)	(3,723)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(12)	(130)

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)	1,056	984
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,870	2,870

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	2,870	2,603
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)	2,870	2,603

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	135
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	88	69
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		19
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 30 June \$67,653.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(777)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,870
8.3 Unused finance facilities available at quarter end (item 7.5)	19
8.4 Total available funding (item 8.2 + item 8.3)	2,889
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.7
<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?
	Answer: 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?
	Answer: 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?

Answer: N/A

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.

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: 21 July 2022

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 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.