

28 April 2022

ASX ANNOUNCEMENT

March 2022 Quarterly Activity Report

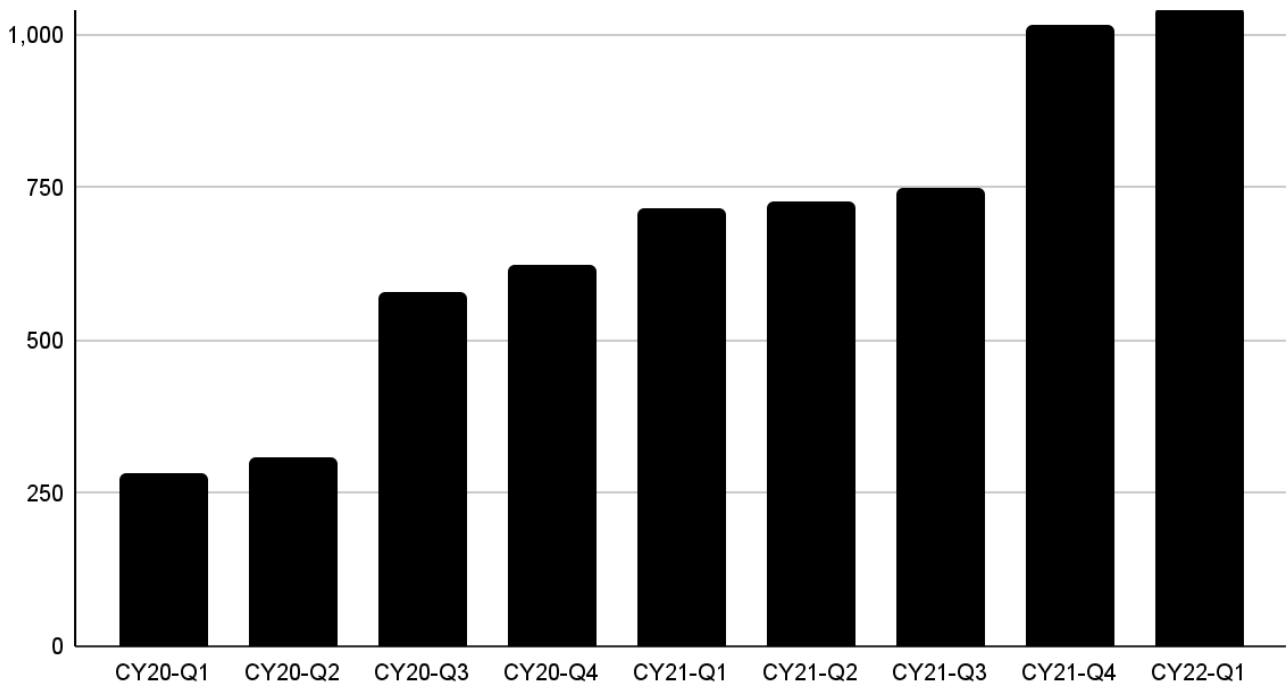
HIGHLIGHTS

- Revenue for the March quarter up 28% year on year
- Audiology Clinic revenue up 30% year on year
- COVID and Floods negatively impacted Qtrly growth -43%
- Audiology clinics increase to 1041 at 31 March 2022
- Key hires to accelerate sales growth in Australia and the US

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

AUSTRALIA AUDIOLOGY CLINIC NUMBERS – LEAD INDICATOR

Australian Clinics Stocking Audeara



Clinic growth continues with the onboarding of independent clinics as well as negotiations with large clinic groups and other non-clinical sales channels. At the end of the March quarter audiology clinic numbers increased to 1041.

The Company has initiated further marketing campaigns and in-clinic training programs to drive sales and introduce the new A-02 product set.

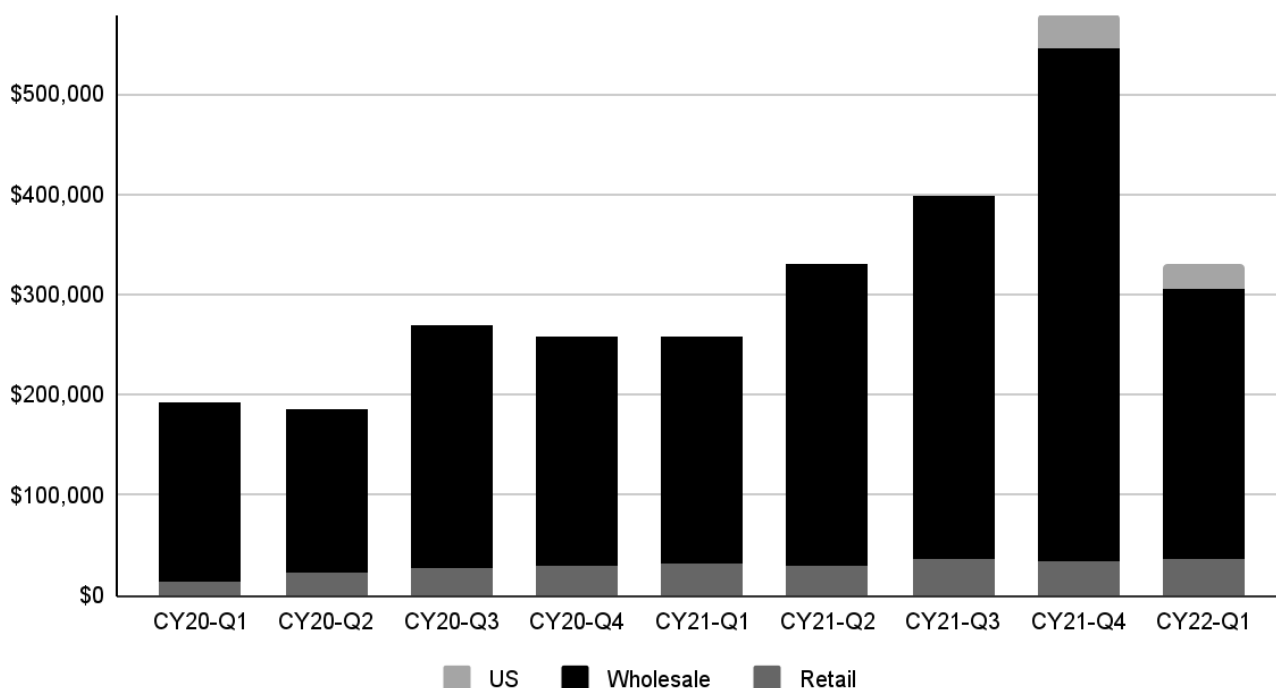
Discussions with significant US clinic groups and buyer groups were initiated during the quarter in line with previously announced plans for international market expansion.

COVID AND NATURAL DISASTERS

As previously announced, the continued impact of the Omicron and then Deltacron variant experienced across the globe resulted in a large number of audiology clinics in Australia and the US suffering reduced trading days in December and January. Additional disruption due to unforeseen weather events in Queensland and New South Wales also impacted many clinics and head office operations. This has resulted in clinic operations not fully recovering until at least February. The Company notes that while March recovered to be our third most successful sales month in the company’s history, this has been on the back of a soft start to the quarter. Trading conditions have continued to improve into April and are expected to fully recover subject to any new COVID or weather related disruption.

SALES UPDATE

Sales by Quarter



As noted above, Australian clinics continued to be impacted by COVID and then unexpected weather events in key markets on the east coast of Australia, creating a challenging operating environment. This led to a disrupted trading

period for clinics resulting in reduced sales activity, particularly in January and February, however recovery was strong in March where 53% of the quarter's sales were recorded, resulting in one of the best individual revenue months in the Company's history.

The strong recovery in March and early sales in April have provided confidence that this disruption was temporary, and as clinics recover from these disruptions, sales growth should continue to return to expectations.

Retail sales were largely unaffected by these disruptions and continued steady growth.

PCP	Mar-'22	Mar-'21	Growth	%
Wholesale	\$295,143	\$227,394	\$67,749	30%
Retail	\$35,374	\$30,852	\$4,522	15%
	\$330,517	\$258,246	\$72,271	28%
Sequential	Mar-'22	Dec-'21	Growth	%
Wholesale	\$295,143	\$543,549	-\$248,406	-46%
Retail	\$35,374	\$34,861	\$513	1%
	\$330,517	\$578,410	-\$247,893	-43%

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 has been measured, with initial roll out in select clinics.

The AudAssist desktop software to accompany the A-02 line continues to be developed with an anticipated roll out to our clinic partners over the coming months. This software will allow 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 31 March 2022, there were 105,000,000 shares on issue, of which 40,800,678 are subject to escrow through to 10 May 2024.

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 \$374k in the quarter, 41% down on the previous quarter, due to previously mentioned disruptions to new sales.

Product manufacturing and operating costs reflected payment for stock and additional buffer chipset purchases. Cash outflows were \$604k, a reduction of 6% from the December quarter as additional A-02 stock was sourced and more buffering of critical components was undertaken.

Payments for staff were \$609k for the quarter, up on the September quarter by \$77k as expected given the investment Audeara made during the quarter to grow the team, supporting the Company's growth strategies.

Advertising and marketing costs rose to \$139k for the quarter up from \$48k reflecting local and international activities in support of growth.

Administration and corporate costs were \$63k for the quarter, significantly down by \$157k from the previous quarter reflecting timing of the Company's activities after completion of the office move and a focus on cost containment.

At the end of the quarter, Audeara remained well-capitalised to continue its growth strategy with \$2.6 million in cash on hand.

Payments to related parties for Directors' fees was \$129k for the quarter and higher than 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 Q3 FY22 \$'000	Total Expenditure \$'000
Product development	850	54	160
Investment in resources to scale the business	3,700	931	2,698
Working capital	1,616	188	886
Cost of the Offer and Listing	834	-	878
Total	7,000	1,173	4,622

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.

Authorised for release by the Audeara Board

To learn more please visit: www.audeara.com

Media Enquiries

M&C Partners

Melissa Hamilton

melissa.hamilton@mcpartners.com.au

Investor Enquiries

M&C Partners

Ben Henri

ben.henri@mcpartners.com.au

ABOUT AUDEARA

Audeara makes **Perfect sound, always.**

Audeara Ltd (ASX: AUA) is a hearing health technology company that uses a hearing profile algorithm to personalise sound output to the needs of the listener.

Audeara delivers high-quality personalised audio to users. Categorised as an assistive listening device (ALD), Audeara's flagship A-01 headphones can be paired with Audeara's mobile application (the Audeara App). The app uses a proprietary personalisation algorithm to calibrate the headphones for an individual's unique hearing profile. The user experiences superior sound and quality, while using mainstream applications like watching movies and television, listening to music, video conferencing and gaming.

The company sells its products through distributors and resellers in Australia and the United States, 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 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	374	1,331
1.2 Payments for		
(a) research and development	(57)	(98)
(b) product manufacturing and operating costs	(604)	(2,044)
(c) advertising and marketing	(139)	(201)
(d) leased assets	-	-
(e) staff costs	(609)	(1,608)
(f) administration and corporate costs	(63)	(543)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(3)
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	(1,099)	(2,946)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(54)	(118)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	(58)	(118)

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	-	-
3.6 Repayment of borrowings	(20)	(72)
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	(20)	(72)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,775	5,738
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,099)	(2,946)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(54)	(118)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	(72)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,603	2,603

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	2,603	3,775
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)	2,603	3,775

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	129
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.

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

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	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,099)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,603
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,603
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.4
<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?	
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	
<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: 28 April 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.