

31 January 2023

Q2 FY23 Quarterly Activities Report & Appendix 4C

Audeara Ltd (ASX: AUA) ('Audeara' or 'the Company') provides the following update for the quarter ending 31 December 2022.

EXPANDED SALES CHANNELS AND CONTINUED SALES GROWTH

The Company continues working with a leading musical instrument company to license, develop and integrate Audeara technology into a new product line specifically targeting musicians and music-lovers. This will be the first time that Audeara's proprietary personalisation technology will be incorporated into third party products under the go to market strength of a well established brand outside of the audiology industry.

The Company has focussed on increasing sales volumes through existing audiology clinic networks and preparing for international expansion under global agreements. This has been successful with sales increasing by 39% from the prior six-month comparative period and cash collections from sales increasing by over 50% from the prior six-month comparative period.

Quarterly Sales Current vs. Prior Quarters

PCP	DEC-'22	DEC-'21	Growth	%
Wholesale	\$652,808	\$543,549	\$109,259	20%
Retail	\$81,413	\$34,861	\$46,552	134%
	\$734,220	\$578,410	\$155,810	27%
Sequential	DEC-'22	Sep-'22	Growth	%
Wholesale	\$652,808	\$472,286	\$180,522	38%
Retail	\$81,413	\$67,063	\$14,350	21%
	\$734,220	\$539,348	\$194,872	36%



STRONG CASH POSITION & NEW STRATEGIC INVESTOR

On 23 December 2022 the Company issued 28 million shares at \$0.10 cents per share to a new strategic investor raising \$2.8 million. All of the issued shares are subject to a 12 months' voluntary escrow period following their issue. The significantly strengthened capital position will support expected growth from initial stocking of new sales channels, primarily through Europe, and increased sell through in established Australian and Taiwanese hearing health channels.

Audeara's R&D team will be well positioned to continue development of hearing health devices with new product development aligned with current audiology partners and focussed on broadening Audeara's offering to end users. Leveraging strategic hearing health industry partners will ensure that new products have a clear path to market.

QUARTERLY CASHFLOW REPORT

Including the \$2.8 million share placement from a new strategic investor discussed above, cash on hand at 31 December was \$4.09 million.

Product manufacturing and operating costs paid of \$29,000 are substantially lower than the September quarter of \$655,000. This is largely a timing issue with a large stock order being placed in December and the associated deposit paid in January.

Advertising and marketing costs of \$220,000 are a 17% reduction from the September quarter. Staff costs have risen 12% to \$833,000 for the December quarter as we ramp up technical projects and product development.

Payments to related parties for Directors' fees (executive and non-executive directors) were \$193,000, being an increase of 6% over the previous quarter which includes a half year update to entitlements for executive directors.

**USE OF FUNDS STATEMENT**

Use of funds	Total use of funds outlined in Prospectus \$'000	Total actual Expenditure \$'000
Product development	850	321
Investment in resources to scale the business	3,700	5,483
Working capital ¹	1,616	1,109
Cost of the Offer and Listing	834	878
Total	7,000	7,791
Add: Opening Cash prior to IPO		79
Add: Proceeds from IPO		7,000
Add: Receipts from Customers since admission		3,730
Add: Additional Capital Raise		3,800
Less: Product Manufacturing and Operating Investment Costs		(2,731)
Remaining Cash at 31 Dec		4,087

Note:

¹ Includes other costs arising from admission to the ASX (\$200,000) and repayment of overdraft facility used to repay related party loan (\$179,000).



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

For more information please visit, audeara.com

CORPORATE & MEDIA ENQUIRIES

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INVESTOR ENQUIRIES

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ABOUT AUDEARA

Audeara Limited (ASX: AUA) is a global hearing health leader specialised in innovative listening solutions for people with hearing challenges.

They are passionate about redefining hearing health, with a particular focus on delivering products that provide world-class tailored listening experiences.

They care about connecting people with experiences that bring them joy - whether that's watching a favourite TV show, FaceTiming family or listening to music with confidence.

All Audeara products are purposefully designed and engineered in Australia with precision detail and state-of-the-art technology. Each product delivers optimum listening experiences to enhance quality of life for people of all ages and abilities. Their headphones use a health-check algorithm to tailor sound to a unique hearing profile.

Audeara sells its products through distributors and resellers in Australia and North America, and through 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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	630	1,456
1.2 Payments for		
(a) research and development	(46)	(86)
(b) product manufacturing and operating costs	(29)	(685)
(c) advertising and marketing	(221)	(487)
(d) leased assets	-	-
(e) staff costs	(833)	(1,577)
(f) administration and corporate costs	(229)	(391)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	298	298
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(430)	(1,472)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(12)	(15)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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)	-	-
2.6 Net cash from / (used in) investing activities	(12)	(15)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	2,800	2,800
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	(56)	(96)
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	2,744	2,704

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,785	2,870
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(430)	(1,472)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(12)	(15)

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)	2,744	2,704
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,087	4,087

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	4,087	4,087
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)	4,087	4,087

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	193
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. 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	30	17
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		14
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 31 December \$10,057.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(430)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,087
8.3 Unused finance facilities available at quarter end (item 7.5)	14
8.4 Total available funding (item 8.2 + item 8.3)	4,101
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	9.54
<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?	
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?	
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?	
<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 2023

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

Appendix 4C

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

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.