

Q1 FY27 Quarterly Activities Report

Highlights

Financial¹

- ▶ Customer receipts of \$617k, down slightly on the prior quarter, primarily due to the timing of purchase orders from key counterparties and AUA Technology customers
- ▶ Group revenue of \$657k, up 37.7% on prior quarter
- ▶ Net operating cash outflow of \$1.292m, up on the prior period due to strategic inventory build
- ▶ \$1.26m placement completed with tranche 1 shares issued on 28 August 2026, representing \$755,000 (before costs)
- ▶ Second tranche of \$505k (before costs), subject to shareholder approval at the Company's AGM this quarter
- ▶ Cash of \$247k at 30 September 2026 with additional \$505k pending (subject to shareholder approval)

Operational developments

- ▶ AI noise reduction licensing production commenced: first two AI noise reduction licensing programs entered commercial production, with initial purchase orders
- ▶ US OTCID quotation process underway to broaden potential US investor access, subject to application, eligibility review and acceptance
- ▶ Clinico Taiwan launch confirmed after quarter end: introductory Auracast orders fulfilled and shipped, with products deployed in a university setting
- ▶ Participation in EUHA in October supported engagement with hearing-care professionals, distributors and technology partners after quarter end

Outlook

- ▶ Convert production milestones and established partner programs into further orders, revenue and cash receipts

Audeara Ltd (ASX: AUA) ('Audeara' or 'the Company') is pleased to provide its Quarterly Activities Report and Appendix 4C for the three-month period ended 30 September 2026 ('quarter').

¹ Financial figures for the September quarter are unaudited.



Activities during the period were highlighted by a significant commercial milestone as its first two proprietary AI noise reduction licensing programs entered commercial production.

The milestone represents an important step in Audeara's broader commercialisation strategy, transitioning its proprietary AI technology from development and validation into commercial applications and establishing a scalable licensing model capable of generating revenue through third-party manufactured products.

During the quarter, Audeara continued to advance its established Australian wholesale operations and strategic international partnerships, supporting the Company's broader strategy to expand the commercial reach of its personalised listening, Auracast and embedded audio technologies.

These developments, together with the Company's \$1.26m two-tranche placement and initiatives to broaden access to US investors, position Audeara to pursue further commercial opportunities across its diversified technology and distribution channels.

Management commentary

Audeara CEO and founder, Dr James Fielding said:

"The September quarter marked an important step forward in Audeara's commercialisation strategy, with our first two AI noise reduction licensing programs entering commercial production. This represents a significant milestone for the Company and validates the commercial application of our proprietary technology within products developed and manufactured by third parties.

"Importantly, this licensing model provides Audeara with an opportunity to generate recurring revenue from our intellectual property without the capital requirements associated with manufacturing and distributing finished products. While initial orders are modest, we believe the transition into commercial production establishes an important foundation for future growth as customer production volumes increase and additional licensing programs progress.

"At the same time, we are continuing to build on our established distribution networks and strategic partnerships, including our Australian clinical channels and international relationships with ShokzHear, Bolton Clarke and Clinico. These partnerships provide multiple pathways to market and demonstrate the versatility of our technology across consumer, education, healthcare and shared-listening applications.

"Our priorities for the coming quarters are firmly focused on commercial execution. We are working to translate these technology and partnership milestones into additional purchase orders, repeat business and sustainable revenue growth, while maintaining a disciplined approach to capital allocation and working capital management.

"We believe Audeara is increasingly well positioned to leverage its proprietary technology, established commercial relationships and expanding international presence to build a more diversified and scalable business."



Financial Overview

Revenue and profitability

Group revenue was \$656,747, up 37.7% from \$476,994 in the June quarter. Specifically, Australian wholesale revenue was \$525,390, up 39.2% from \$377,412 in the June quarter. AUA Technology revenue was \$62,195, up 193.2%.

Cash flow and expenditure

Customer receipts were \$617k, down 13.0% from \$709k in June and 49.8% from \$1.229m in the prior corresponding period, with the decrease in customer receipts was primarily attributed to the timing of purchase orders from key AUA Technology customers, which are anticipated during the current period. Net operating cash outflow was \$1.292m, compared with \$795k in the June quarter, with the increase attributed to a strategic inventory build ahead of pending orders for the Company's AUA Technology division.

Staff payments were \$712k, up 36.4% from \$522k in the June quarter. Administration and corporate payments were \$230k, down 20.1% from \$288k in the prior period. Research and development payments were \$79k, down 29.5% from \$112k in the June quarter and 44.8% from \$143k in the prior corresponding period.

Advertising and marketing payments were \$77k, up 42.6% from \$54k in the previous period and 75.0% from \$44k in the prior corresponding period.

Net financing cash inflow was \$805k, up 65.6% from \$486k in June and 514.5% from \$131k in the prior corresponding period. This comprised \$755k of equity proceeds and \$137k of borrowing proceeds, less \$30k of equity issue costs, \$32k of borrowing repayments, \$2k of borrowing costs and \$23k of office-lease repayments.

Closing cash was \$247k, which is expected to be bolstered by an additional \$505k following the settlement of Tranche 2 placement shares in November.

Payments to related parties and their associates were \$138k, attributed in the current schedule to wages and superannuation.

Operational Overview

AI noise reduction licensing moves into commercial production

In the June quarter, Audeara's first AI noise reduction licensing program was approaching commercial production. In August, the Company announced that two programs had reached that milestone, together with initial purchase orders worth approximately A\$31k.

Under the AI noise reduction licensing model, Audeara's proprietary AI noise reduction algorithms are embedded in semiconductor platforms used by equipment manufacturers and product developers. Audeara can therefore earn licensing revenue through products sold by other brands, while those partners manufacture and distribute the finished hardware.

The Company remains focussed on securing additional production orders, licensing revenue.



Australian clinics: the core route to customers

Audeara's Australian wholesale and clinical channels connect its personalised listening products with people seeking clearer, more comfortable listening. These established relationships remain a core route to market, with the commercial focus on product sales, repeat ordering and cash conversion.

Partner programs extend Audeara's reach

Audeara's previously announced partner programs take its technology into different listening environments: the customised OpenLearn Small solution with Shokz Health Global in education, the Auracast rollout beginning at Bolton Clarke's Carrington Retirement Village, and white-label Auracast programs with Clinico.

These programs provide routes to customers through partners with established distribution. The commercial focus is on fulfilling orders, securing repeat business and extending deployments. The Clinico milestone announced after quarter end is set out below; revenue timing remains dependent on each program.

Corporate and Capital Management

Two Tranche Placement

Audeara received firm commitments to raise \$1.26 million (before costs) through a two-tranche placement at \$0.033 per share.

Tranche 1 comprised 22,878,798 ordinary shares, representing \$755,000 before costs, issued on 28 August 2026.

The second tranche of approximately \$505,000 remains subject to shareholder approval at the Company's AGM to be held on 24 November 2026.

The placement also provided for one free attaching option for every three placement shares, exercisable at \$0.065 expiring 28 August 2028, subject to the approvals and conditions described in the placement announcement.

Proceeds are intended to support technology licensing, engineering services, partner products, inventory and working capital.

Broadening access for US investors

On 14 September 2026, Audeara announced the start of its OTCID quotation process, with Viriathus Capital appointed to assist with the application and engagement with OTC Markets and the relevant market maker.

The proposed quotation would give US investors another route to trade Audeara shares, with the ASX remaining the Company's primary listing.

The OTCID quotation process is separate from the placement. The quotation initiative itself does not involve a capital raising or the issue of new Audeara securities.

Quotation remains subject to the application process, eligibility review and acceptance by OTC Markets. There is no guarantee that quotation will be approved.



Subsequent Developments

Clinico products move from orders to deployment

On 19 October 2026, Audeara announced that Clinico's introductory Auracast orders of approximately A\$164,000, first disclosed in March 2026, had been fulfilled and shipped. Clinico has launched the products in Taiwan, providing a commercial proof point for Audeara's partner-branded model.

Clinico's donation of 20 systems to Chung Shan Medical University, announced by Clinico on 2 September, provides a live education reference. These donated systems are not incremental Audeara sales. The approximate A\$734,000 of purchase orders disclosed across the Clinico relationship is a historical total, not new orders or Q1 revenue. No additional revenue guidance was provided with the October announcement.

EUHA commercial follow-up

After quarter end, Audeara participated in EUHA 2026 in Hanover, Germany, supporting engagement with hearing-care professionals, distributors and technology partners.

The focus was on Audeara's personalised listening, Auracast and embedded audio capabilities. Follow-up will centre on assessing commercial fit and the practical steps needed to progress opportunities.

Annual General Meeting

On 23 October 2026, the Company lodged the meeting documents for its Annual General Meeting ('Meeting') to be held at 11.00 am Brisbane time on 24 November 2026 on the ASX platform. The Meeting will be held at the office of Grant Thornton, King George Central, Level 18, 145 Ann Street, Brisbane.

Outlook

The December-quarter priority is to build on the move into commercial production and convert established channels and partner programs into further business. Investors should look for progress in three areas: production orders for AI noise reduction licensing programs, orders and deliveries through wholesale and partner channels, and the resulting revenue and cash receipts.

Execution priorities:

- ▶ Support the two AI noise reduction licensing programs in production and pursue further licensing programs as customer validation and production requirements are met
- ▶ Follow up EUHA discussions with distributors and technology partners
- ▶ Progress the OTCID quotation application, subject to eligibility review and acceptance
- ▶ Seek the shareholder approvals required for the second placement tranche at the November AGM
- ▶ Progress orders, deliveries and repeat deployments through established ShokzHear, Bolton Clarke and Clinico programs
- ▶ Build Australian wholesale sales and repeat ordering while managing working capital and operating expenditure

The timing and scale of future revenue will depend on customer orders, production schedules, validation requirements and partner-led commercialisation. Planned initiatives and proposed transactions remain subject to their applicable commercial, regulatory and shareholder-approval requirements.

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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ABOUT AUDEARA

Feel connected, your way.

Audeara Limited (ASX: AUA) is an Australian hearing technology company developing personalised listening solutions for people with hearing challenges.

Designed and engineered in Australia, Audeara's products are distributed through partners across Australia, Europe, Asia and North America, alongside direct 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 September 2026

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	617	617
1.2	Payments for	-	-
(a)	research and development	(79)	(79)
(b)	product manufacturing and operating costs	(806)	(806)
(c)	advertising and marketing	(77)	(77)
(d)	leased assets	(1)	(1)
(e)	staff costs	(712)	(712)
(f)	administration and corporate costs	(230)	(230)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(4)	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,292)	(1,292)
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	-	-
2.2	Proceeds from disposal of:	-	-
(a)	entities	-	-
(b)	businesses	-	-
(c)	property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
(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)	755	755
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	(30)	(30)
3.5	Proceeds from borrowings	137	137
3.6	Repayment of borrowings	(32)	(32)
3.7	Transaction costs related to loans and borrowings	(2)	(2)
3.8	Dividends paid	-	-
3.9	Other (Repayment of office lease liabilities)	(23)	(23)
3.10	Net cash from / (used in) financing activities	805	805

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	740	740
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,292)	(1,292)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	805	805
4.5	Effect of movement in exchange rates on cash held	(6)	(6)
4.6	Cash and cash equivalents at end of period	247	247

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	247	740
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)	247	740

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	138
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	1107	1107
7.2 Credit standby arrangements	-	-
7.3 Other (insurance premium funding)	44	44
7.4 Total financing facilities	1,151	1151
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.		
7.1: Short term loan facility with Sturt Capital Pty Ltd against the anticipated R&D Tax Incentive rebate for FY2026. The loan facility has an establishment fee of 1.5%, bears interest of 1.33% per month with a repayment date which is earlier of the date of receipt of the 2026 R&D Tax Incentive from the Australian Taxation Office and 31 December 2026. Principal outstanding at 30 September 2026 was \$1,107,344.00. 7.3: Hunter Premium Funding, unsecured 10-month loan fully drawn in April 2026 for \$113,668.70 to fund insurance premiums. Principal outstanding at 30 September 2026 was \$44,428.41. The loan is repayable in monthly instalments at a flat annualised interest rate of approximately 6.1%.		

8 Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,292)
8.2 Cash and cash equivalents at quarter end (item 4.6)	247
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	247
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.19
<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 entity expects operating cash outflows to reduce in upcoming quarters following the completion of inventory/stock purchasing and targeted R&D investments, alongside growing receipts from commercial distribution partnerships and core wholesale channels.	
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?	
Whilst the Company expects revenue to grow through the revenue-generating initiatives, the entity maintains flexibility to access additional funding if required (either debt or equity) and remains confident in its ability to do so, based on past success and market support as demonstrated by the successful capital raising of \$755,000 (before transaction costs) in the September 2026 quarter with a second tranche of funding for \$505,000 subject to shareholder approval at the AGM in November.	
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. Refer to 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: 28 October 2026

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.