AUDEARA

ASX APPENDIX 4E

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

1. DETAILS OF REPORTING PERIOD

Name of Entity	Audeara Limited ("Audeara" or the "Company")
ABN	27 604 368 443
Reporting Period	30 June 2025
Previous Corresponding Period	30 June 2024
Presentation Currency	Australian Dollar ($)

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information	30 June 2025 $'000	30 June 2024 $'000	Increase/ (decrease) %	Amount change $'000
Revenues from ordinary activities	3,786	3,185	18.87%	601
Loss from ordinary activities after tax attributable to members	(1,787)	(1,603)	11.48%	(184)
Net loss for the period attributable to members	(1,787)	(1,603)	11.48%	(184)

	Amount Per Security	Franked Amount Per Security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous Corresponding Period	Nil	Nil
Record Date for Determining Entitlements	Not Applicable	

Commentary on results:

For further information, refer to the review of operations contained in the directors' report, which forms part of the attached financial statements.

3. STATEMENT OF COMPREHENSIVE INCOME

Refer to attached financial statements.

4. STATEMENT OF FINANCIAL POSITION

Refer to attached financial statements.

5. STATEMENT OF CASH FLOWS

Refer to attached financial statements.

6. STATEMENT OF RETAINED EARNINGS/CHANGES IN EQUITY

Refer to attached financial statements.

7. DIVIDENDS/DISTRIBUTIONS

No dividends declared in current or prior year.

8. DETAILS OF DIVIDEND REINVESTMENT PLANS

Not Applicable

9. NET TANGIBLE ASSETS PER SHARE

	Current Period	Previous Period
Net tangible asset backing per ordinary security	0.69 cents	1.1 cents

10. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Profit/(loss) of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	N/A

Loss of control over entities

Name of entity (or group of entities)	N/A
Date control lost	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Profit/(loss) of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	N/A

11. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Name of associate or joint venture entity	N/A
Reporting entity's percentage holding in this entity	N/A
Contribution to net profit/(loss) (where material)	N/A
Aggregate share of profits/(losses) of the above entity (where material)	N/A

12. ANY OTHER SIGNIFICANT INFORMATION NEEDED BY AN INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE COMPANY'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Refer to attached financial statements.

13. FOREIGN ENTITIES

Not Applicable

14. COMMENTARY ON RESULTS FOR PERIOD AND EXPLANATORY INFORMATION

Refer to attached financial statements.

15. AUDIT

This report is based on accounts which have been audited. The Auditor's Report contains a 'Material Uncertainty' paragraph drawing attention to a material uncertainty that may cast a doubt about the Group's ability to continue as a going concern. The attached financial statements have been prepared on a going concern basis. Please refer to note 2 in the financial statements.

Mr David Trimboli
Chair

26 August 2025

AUDEARA

Feel connected.

Annual Report

30 JUNE 2025

Audeara Limited

ABN 27 604 368 443 | ASX: AUA

Corporate Directory

Directors

David Trimboli
Non-Executive Chair

James Fielding
Managing Director & Chief Executive Officer

Bill Peng
Executive Director

Company secretary

Mr Stephen Buckley

Registered office & principal place of business

35 Brookes St
Bowen Hills QLD 4006

Phone
1300 251 539

Website
www.audeara.com

Corporate Governance Statement
www.audeara.com/corporate-governance

Share register

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Phone
(03) 9907 7163

Auditor

Grant Thornton Audit Pty Ltd
King George Central
Level 18, 145 Ann Street
Brisbane QLD 4000

Bankers

Westpac Banking Corporation
300 Elizabeth Street
Brisbane QLD 4000

Stock exchange listing

Audeara Limited shares are listed on the Australian Securities Exchange (ASX)

ASX Code
AUA (fully paid ordinary shares)

Contents

Letter to Shareholders

Dear fellow shareholders,

It is with great pleasure that we present Audeara Limited's Annual Report for the 12 month period ended 30 June 2025 (FY25). The past year has been transformative for the Group, underpinned by continued success in integrating the advanced AUA Technology division with the established strength of Audeara's leading hardware offerings and the Company's burgeoning international sales footprint.

The sustained expansion of AUA Technology partnerships strategically position the Group for significant acceleration in growth and profitability across global markets. This progress aligns directly with our core mission: to deliver world-class hearing health technology at scale and profoundly enhance quality of life for individuals worldwide.

Further underpinning our growth trajectory, Audeara has consistently evolved and expanded its product portfolio through the launch of three new products. Notably, our emphasis on third-party manufacturing under private labels has matured into a substantial revenue driver, establishing a robust foundation for a continued upward trajectory through FY26 and beyond.

FY25 Financial Performance

Following a period of intensive product development and successful commercial launches, Audeara achieved record annual revenues of $3.8m for FY25. This represents a 19% increase over FY24, extending the Group's consistent track record of year-on-year top-line revenue growth. The positive impact of the AUA Technology division underpinned this and has the potential to deliver consistent growth in the near and medium term.

Beyond top-line expansion, the Group's management team maintained a rigorous focus on achieving cost efficiencies through optimised operations and ongoing management of the Group's overall cost base. With the successful transition of the AUA Technology division from its development phase to generating substantial revenues in FY25, Audeara anticipates high-margin sales will contribute increasingly to its revenue profile in the coming years, from our established lower cost base.

The beneficial impact of these sales, combined with ongoing growth from the core Australian wholesale audiology industry, when combined with expenditure management initiatives to drive R&D capability, is already reflected in both net operating cash flows and overall Group earnings. For FY25, Audeara reported a loss after income tax of $1.8m while increasing our R&D team and the size of our R&D cash claimable under the R&D Tax incentive to $1.2m, up 80% year on year. We are highly encouraged by the Group's momentum in this area, and our commitment to achieving a break-even point in the near future remains the paramount priority.

Strategic Focus

Management continued to execute several critical strategic objectives aimed at refining its expansion strategy in international markets with high-growth potential. Specifically, we have concentrated resources on prioritising international wholesale clinic and AUA Technology division opportunities within the Asia-Pacific region and other key markets. This implementation continues to demonstrate strong promise, with discussions now well-advanced with commercial partners across all target markets, bolstering our confidence in the substantial growth potential of these regions. The AUA Technology division has solidified its position as a vital engine for financial performance. Through a focused approach on licensing agreements and manufacturing partnerships, we have adeptly leveraged our innovative software and hardware solutions in collaboration with established brands.

Outlook

Our outlook remains optimistic, fortified by a number of foundations laid during FY25. We continue to identify new opportunities and forge strategic partnerships that will fuel future growth. We anticipate an increase in sales of hardware products in the upcoming financial years, and foresee our software and technology licensing programs making an even greater contribution to revenue.

As we look ahead, we remain steadfast in our commitment to delivering groundbreaking solutions that enhance the quality of life for individuals facing hearing challenges.

We would like to take this opportunity to extend sincere gratitude to our shareholders, partners, and our dedicated team members for their unwavering support and commitment to our shared vision. Thank you for your continued trust in Audeara.

We eagerly anticipate updating you on our progress as we relentlessly pursue our growth objectives and strive to deliver exceptional value to our shareholders.

—

Dr James Fielding
Chief Executive Officer

—

David Trimboli
Chair of the Board

Business Overview

Audeara Research and Development

Customer and audiology industry feedback and insights

Innovative partnerships and strategic opportunities

Audeara Proprietary Technology

Hardware | Firmware | Software

Audeara

Utilises Audeara Proprietary Technology to develop Audeara's product pipeline.

Audeara provides hardware and software solutions for the hearing industry, distributed through:

- Over 3,000 clinics globally including 1,500 clinics in Australia.
- International audiology clinics. Currently stocked in 11 countries with expansion of footprint ongoing.
- Established presence in Australian retail channel.

AUA Technology

Utilises Audeara Proprietary Technology to develop third party products.

This business unit has unlocked strong growth through:

- White label products for large third parties.
- Highly scalable technology licensing revenue.
- Engineering services.
- Pipeline of potential licensing partners growing.

Market Expansion Highlights

International Distribution

ASIAPAC

Australia

- Currently stocked in over 1500 clinics

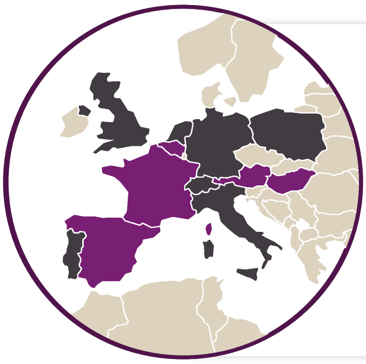
China, Taiwan and Singapore

- Clinico Inc.- the largest audiology chain in Taiwan
- LOI Executed to enter Chinese medical device market with Eastech Holding Limited (TWSE: 5225) - Converted to Licensing Agreement August 2025.

AMERICAS

USA

- Demant AS' Hearing Life + CQ Partners
- WS Audiology's HearUSA



EMEA

Significant growth prospects ahead. Underpinned by global audiology groups.

Austria

- WS Audiology's Bloom Hoerakustik

Hungary

- Demant AS' Audika, Amplifon

France

- Amplifon

Belgium

- Amplifon

Spain

- Amplifon

Germany

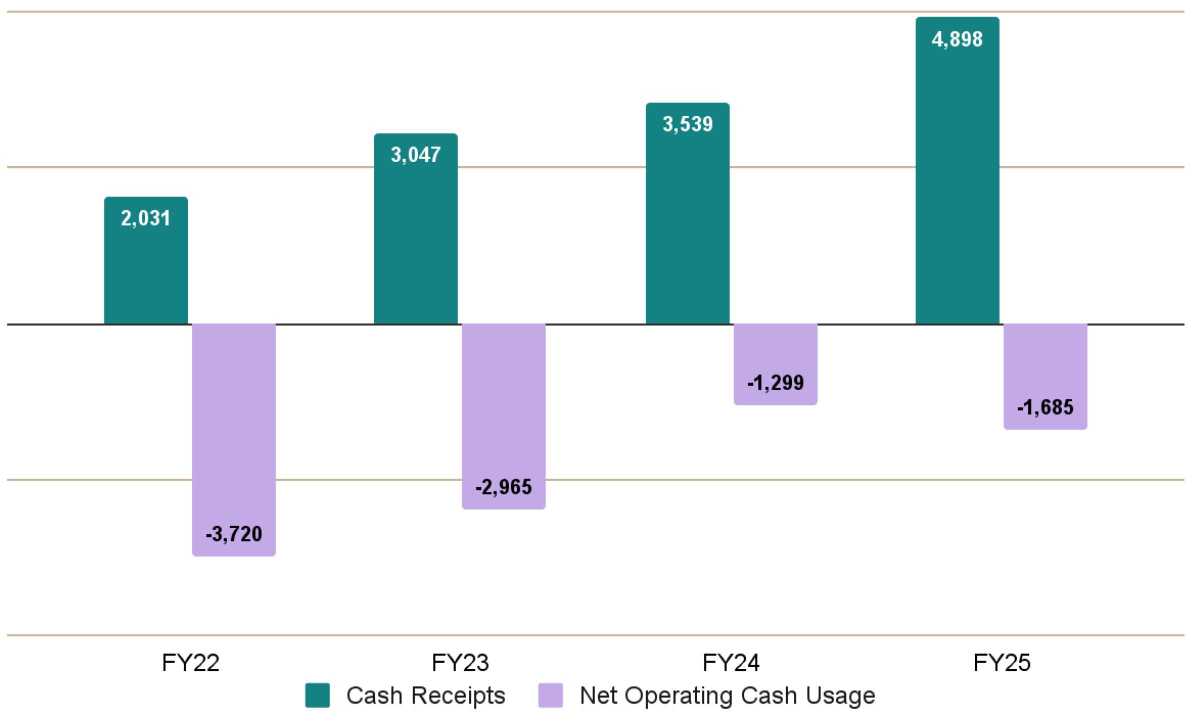
- Trial launch 2025

Currently stocked in 11 countries		Pipeline Potential for another 6 countries	
Australia	Hungary	Italy	Switzerland
USA	Austria	Netherlands	Poland
Taiwan	Singapore	UK	Portugal
New Zealand	France		
Belgium	Spain		
Germany			

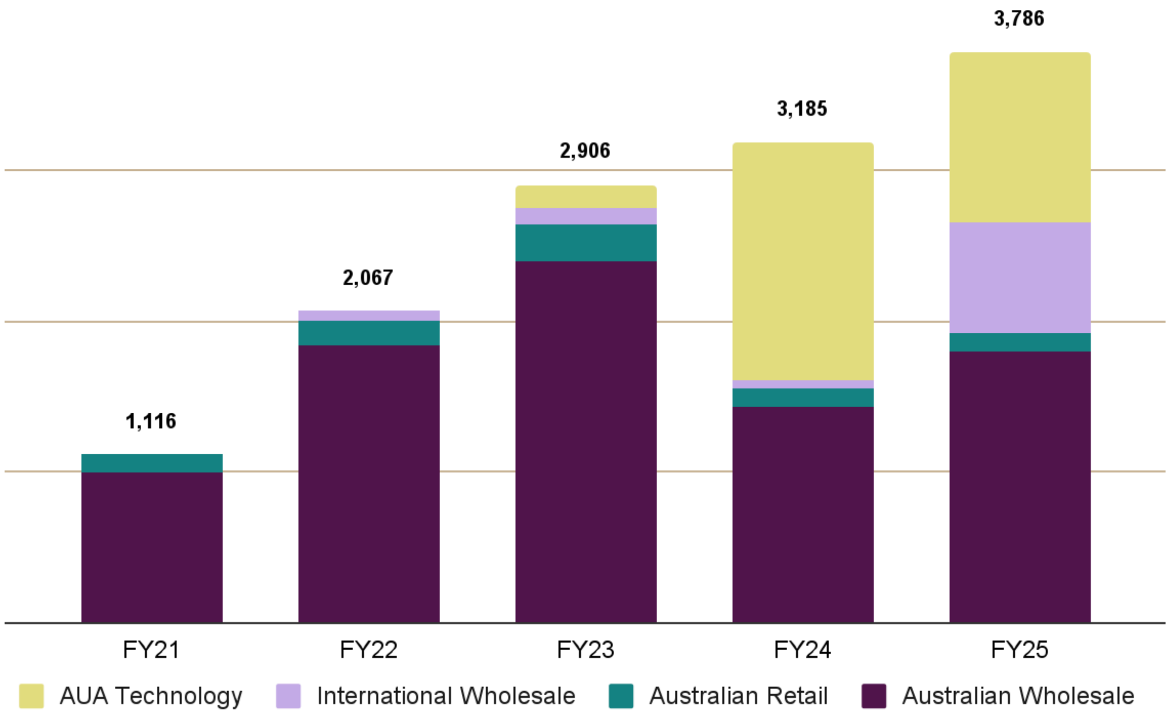
Financial Highlights

$3.8m	$4.9m	$1.8m	$1.42m
FY25 Revenue	FY25 Cash Receipts	FY25 Operating Cash Outflow	In Cash or Equivalents at 30 June 2025
19% YoY	38% YoY	Focused on stringent capital management	Includes FY25 R&D tax rebate and strategic placement

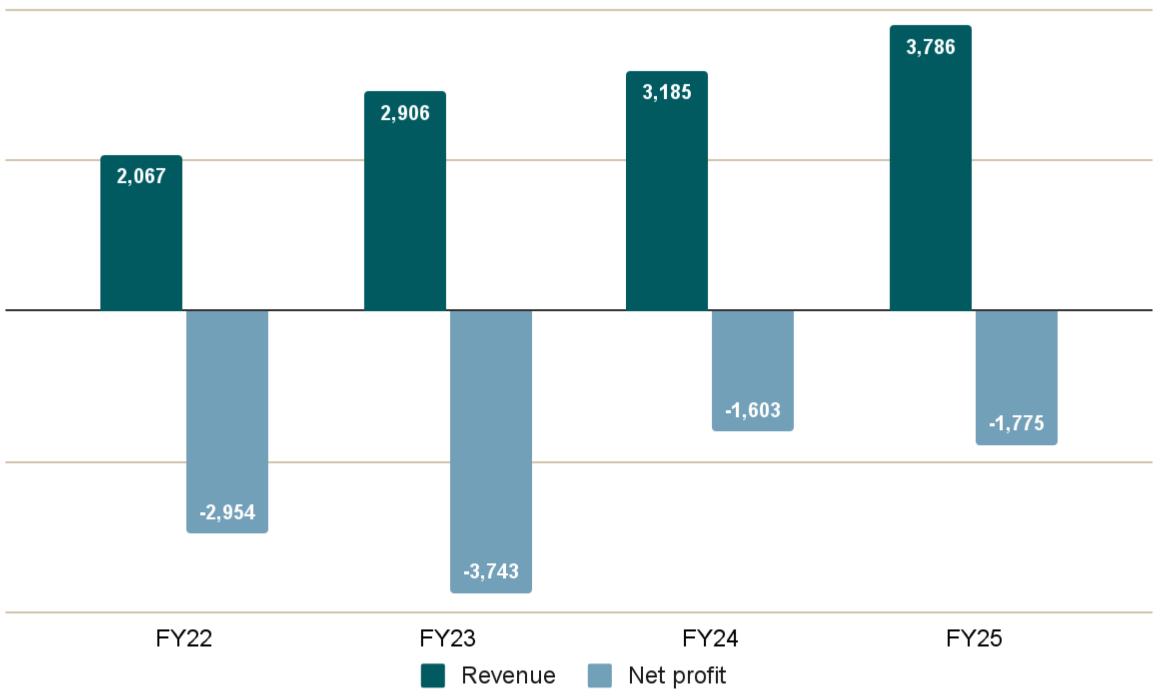
Cash: Receipts vs Operating Usage



Sales by Financial Year



Revenue and Net Profit



Brand Highlights

Award-Winning Recognition

Audeara's international impact was acknowledged with two prestigious accolades this year, recognising both the strength of our global partnerships and the momentum of our export strategy.

ANZCham Business Awards

The **Queensland–Taiwan 2024 Business Excellence Award** at the ANZCham Business Awards in Taiwan celebrated Audeara's successful entry into the Taiwanese market through our partnership with *Clinico Inc.*, one of Taiwan's leading distributors of audiology and medical devices. This recognition reflects the strength of our collaboration and our shared commitment to improving hearing health outcomes across the region.

Premier of Queensland's Export Awards

The **International Health Award** at the Premier of Queensland's Export Awards honoured Audeara's growing global footprint in hearing health and our commitment to delivering innovative hearing solutions worldwide. Following this recognition, Audeara was nominated for the Australian Export Awards alongside Avance Clinical CRO, Linear Clinical Research, SDI Limited, and ResMed—the latter taking out the national award. This achievement was supported by Trade and Investment Queensland, whose continued partnership has helped us build meaningful international relationships to accelerate growth in key markets.

Hearing Health Advocacy

At Audeara, we believe hearing plays a vital role in how we feel connected. Yet hearing health is often overlooked or addressed too late. Our advocacy initiatives aim to empower people to better understand their hearing and make informed choices about their wellbeing.

Raising awareness through national campaigns

As part of **World Hearing Day**, we installed and demonstrated Auracast™ technology at The University of Queensland and Macquarie University, including one of the world's first Auracast-enabled lectures. These activations helped future health professionals experience firsthand how assistive technology can enhance inclusive learning and communication.

For **Hearing Awareness Week**, we collaborated with government and aged-care partners to highlight the link between hearing loss, social isolation and cognitive decline. We were honoured that The Honourable Ros Bates MP, helped amplify the importance of preventative hearing health. At Bolton Clarke, one of Australia's leading aged care providers, we supported the Sense-Cog research initiative, which explores how hearing and vision care can improve quality of life for people living with dementia.

Through **Tinnitus Awareness Week**, we championed the *Unseen. Unheard. Ignored.* campaign and used storytelling and education to highlight the impact of tinnitus and the importance of seeking help early.

We also launched our **Healthy Hearing Advocacy Program**, delivering "Lunch & Learn" sessions in partnership with organisations such as Morgan's and BDO. These workplace sessions encourage preventative action and position hearing health as an essential part of overall wellbeing.

Expanding Product Range

In November 2024, Audeara transformed The Normanby into the world's first Auracast™–enabled pub to launch our **Audeara Buds** and **Audio Transceiver & Lapel Microphone**. The event brought to life the real-world potential of Auracast technology, showcasing how it can create inclusive and accessible listening experiences in public spaces. By turning a bustling venue into an immersive listening environment, the launch demonstrated the next generation of shared audio and reinforced Audeara's position as a global leader in Auracast integration and personalised sound design.

Global Presence at Audiology Conferences

Each year, Audeara attends key events in the hearing health, audiology, and consumer technology sectors to engage with professionals, explore industry trends, and strengthen our global network. These events are critical for reinforcing our position as a leader in personalised listening technology, as well as deepening our relationships with clinicians, partners, and thought leaders who share our commitment to accessible, innovative listening solutions.

Audiology Australia 2025 Conference

As the **official Accessibility Partner**, Audeara helped make this premier audiology event more inclusive through the integration of Auracast™ technology in every lecture hall used throughout the event. Widely regarded as the most significant event on the Australian audiology calendar, the conference brought together leading clinicians, researchers, and industry professionals from across Australia and abroad. In addition to exhibiting, our team contributed to two well-attended sessions: a Learning Lab on the clinical applications of Auracast, and a presentation from clinicians supporting musicians. The conference provided Audeara with a valuable platform to showcase product capabilities, support clinical education, and strengthen relationships within the national audiology community.

Hearing Business Alliance Conferences

Audeara exhibited at the HBA Conference in Melbourne and Perth, connecting with independent clinicians and highlighting the role of assistive listening devices within their clinical practice. These events supported ongoing engagement with the clinic network and reinforced our commitment to practical, real-world solutions.

International Audiology Conferences

Our attendance at the **68th EUHA Congress** in Germany and the **14th Global Coalition for Hearing Health Conference** in New Zealand was part of a broader strategy to build relationships within international audiology communities. Relationships and insights gained from these engagements continue to shape Audeara's global approach to expansion and impact.

CES 2025

In January 2025, Audeara's **AUA Technology** division was showcased at CES 2025 in Las Vegas, where we co-exhibited with strategic partner **Eastech**. In late 2024, Audeara and Eastech signed a binding Letter of Intent (LOI) outlining our shared commitment to entering the Chinese hearing aid market, leveraging Audeara's proprietary technology for the development of medical devices. This LOI was converted to an executed licensing agreement after the end of the period on August 11th, 2025.

Our shared presence at the world's largest consumer electronics trade show provided an opportunity to demonstrate our technical capability, engage with prospective partners, and explore new commercial opportunities. Attendance at CES enabled us to build relationships and discuss how AUA Technology supports scalable product development through white label manufacturing, engineering services, and licensing. These conversations continue to expand our pipeline of potential partners.

Directors’ Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Audeara Limited (referred to hereafter as the 'Group' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2025.

Directors

The following persons were directors of the Group during the whole of the financial year and up to the date of this report, unless otherwise stated:

- **David Trimboli**
  Non-Executive Chair
- **James Fielding**
  Managing Director & Chief Executive Officer
- **Bill Peng**
  Executive Director & Chief Operating Officer

Principal activities

The principal activity of the Group during the course of the financial year consisted of:

- The development of hearing health technology,
- Engineering Services, and
- Manufacturing Audio Devices.

The offering of engineering services and manufacturing devices on behalf of third party brands significantly increased during the period.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Operating and Financial Review

The loss for the Consolidated Entity after providing for income tax amounted to $1,787,038 (30 June 2024: $1,602,574).

Over the 12 month period ended 30 June 2025 (FY25), Audeara has experienced significant growth in several key areas amidst challenging and uncertain international market conditions. From an operational and financial perspective, the Company has delivered a number of major milestones, which have included strategic partnerships, consistent sales growth through an expanded footprint and the introduction of a number of new hardware products to expand its solution base for consumers.

Australian Wholesale Performance and Product Innovation

In the local market, Audeara continued to increase its footprint through wholesale channels, which delivered a revenue increase of over 25% on the previous corresponding period (PCP) to $1,801,980 during FY25.

This increase was underpinned by a number of strategies implemented in FY24 to strengthen relationships with domestic partners and a contract extension with a leading audiology retailer for Audeara's range of advanced hearing products.

Through these developments, the Group has continued to solidify its position as a trusted provider of high-quality personalised audio solutions to the hearing health industry and will continue to take initiatives to enhance its Australian market presence, in turn increasing potential revenue generating opportunities.

To further strengthen its position, Audeara considerably enhanced its product offerings and explored new avenues for growth through innovation. This was highlighted by the launch of Audeara Buds - the Group's first in-ear product, designed to capture growth in the True Wireless audio market.

The Audeara Buds, designed with advanced hearing health technology and user-centric innovation, have been met with strong interest from consumer, corporate and professional audiology channels. Alongside the Auracast™-enabled Audio Transceiver and Lapel Microphone system, these products are gaining traction across multiple markets and further position Audeara at the forefront of accessibility-focused audio solutions.

Post balance date, the Company entered into a project agreement with Ear Science Institute Australia (ESIA) under which ESIA will contribute $100,000 alongside their expertise to support the development and evaluation of bone conduction hearing enhancement solutions targeting high-need communities across Australia.

Bone conduction hearing solutions transmit sound through vibrations that travel through the bones in a user's skull, bypassing the eardrum. This technology allows users to benefit from the audio solution, while still maintaining the ability to hear ambient sounds, offering a different listening experience to traditional headphones.

Audeara will provide technical expertise, product supply and project coordination to the project, which will commence this month with stakeholder engagement and pilot implementation aimed at improving access to herding support for children who require assistance hearing in classroom settings.

International Expansion

The Group's international expansion efforts considerably benefited from the AUA Technology division, as well as the Company's maiden commercial partnership in Taiwan with Clinico Inc.

These efforts generated international wholesale revenue of $1,856,904, a 10% uplift on the PCP. This major rise was underpinned by a maiden purchase order from Clinico Inc. valued at $570,000 for the co-development of the Clinico Sound Earbuds CS1. This co-branded product launch allowed Audeara to enter into Taiwan retail channels through the country's largest hearing aid retailer.

AUA Technology revenue remained stable on the PCP, totalling $1,135,638. Importantly, international expansion momentum was evidenced through a repeat order from Avedis Zildjian valued at US$917,000 which demonstrated sustained demand for the Company's technology in third-party branded products. After the end of the period shipments to the value of $672,598 were recorded and will be recognised as part of FY26. This further validates Audeara's AUA Technology division and its scalable, licensing-led growth model and potential for ongoing high-margin revenue delivery.

Complementing beachhead agreements with Clinico and Zildjian, Audeara entered into a binding Letter of Intent with Eastech, a Taiwan Stock Exchange-listed company. Under the terms of the LOI, Audeara and Eastech will bring Audeara's innovative hearing health solutions to the Chinese market, where an estimated 426m people suffer from hearing loss.

As part of the agreement, 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, which are anticipated to materialise during FY26.

Additionally, the Group continued its geographic expansion through Europe, which included campaigns and partnerships in Austria, Hungary, France and other high-value markets in the EU.

Outlook

During FY26, the Group is immediately focused on first deliveries in connection with recent AUA Technology orders from Avedis Zildjian, as well as continuing discussion to further strengthen this relationship alongside other international wholesale agreements.

More broadly, the group anticipates additional agreements with international counterparties for the commercial delivery of AUA Technology products in the current year, while maintaining growth through sales of hardware products in Australia and Europe.

Material Business Risks

The Board seeks to ensure that the process of risk identification, assessment and management is embedded in all aspects of the Group's businesses, and it monitors whether the level of compliance and governance within the Group is appropriate, with a particular focus on the risk culture and risk reporting. The size of the Group prevents some controls being effectively introduced but the Board believes it has compensating controls for any inherent deficiencies that may exist.

There are a number of material risks to which the Group is exposed, and the key material business risks are, in summary:

Access to financial resources	Given the Group's net loss and negative cash flow position, the ability of the Group to continue to access financial resources in the future could impact its ability to pay its debts as and when they fall due.
Changing consumer preferences in competitive markets	Given the changing environment in which the Group operates, this could have a very significant impact on the Group's financial results. The Board addresses this risk by constantly monitoring the market, and other competitors seeking to enter and already present in our markets.
Key customer dependencies	During the financial year, 29% of the Group's total revenue was derived from its top customer. This concentration of revenue exposes the Group to certain risks, including the potential loss of business from this key customer, which could materially impact the Group's financial performance.
Manufacturing disruption and supply chain reliability	Changing dynamics in overseas economies where the Group's products are manufactured could lead to disruption in manufacturing, shortages of crucial componentry, as well as delays in delivery, resulting in significant impact on the Group's financial results.
Maintaining a talented and motivated workforce	A loss of workforce capability, capacity, difficulty filling key positions, a continued loss of top performers, and forecast wage increases all could lead to a potential shortfall of staff, and in turn the Group's ability to deliver its goods which would result in a significant impact on the Group's financial results.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Likely developments and expected results of operations

The Group expects sales of headphones to continue to increase in future financial years. In addition, the Group also expects its software and technology licensing to result in increased future revenue.

Maintaining cost controls will ensure the Group achieves a breakeven sales point as soon as practically possible. Achieving positive net operating cash flows is a focus for the entire Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Mr David Trimboli
Non-Executive Chair

Qualifications	B. Commerce, Major in Accounting and Corporate Finance
Experience and expertise	Mr Trimboli has extensive experience as an executive and Group director across many industries. He was a seed investor in Audeara in 2015, helping launch the Group. His experience includes 10 years with the international commodity trading and asset management Group, Glencore International AG, as a senior coal trader based in Zug, Switzerland.
Other current directorships	Quantum Graphite Ltd (ASX:QGL) TrivarX Limited (ASX :TRI)
Former directorships (last 3 years)	None
Special responsibilities	Chair of the Board
Interests in shares	24,834,052
Interests in options	1,500,000 unlisted options exercisable at $0.082 expiring 2 May 2027 1,250,000 unlisted options exercisable at $0.08 expiring 10 December 2026 625,000 unlisted options exercisable at $0.08 expiring 30 January 2027

Dr James Fielding
Managing Director & Chief Executive Officer

Qualifications	BBusMan/BSci, MBBS, Grad Cert Exec Lead
Experience and expertise	Dr Fielding completed dual bachelor's degrees in Business Management and Biomedical Science at University of Queensland. After working in finance and public relations in New York City, Dr Fielding gained graduate entrance into a Bachelor of Medicine/Bachelor Surgery, earning a scholarship for the University of Queensland's Medical Leadership Program, being an adapted MBA program for medical school students, conferring a Graduate Certificate of Executive Leadership.
Other current directorships	None
Former directorships (last 3 years)	None
Special responsibilities	Managing Director and Chief Executive Officer
Interests in shares	11,692,834
Interests in options	1,750,000 unlisted options exercisable at $0.082 expiring 2 May 2027 1,500,000 unlisted options exercisable at $0.08 expiring 10 December 2026 416,666 unlisted options exercisable at $0.08 expiring 30 January 2027

Mr Bill Peng
Executive Director & Chief Operating Officer

Qualifications	BBus(Mktg), MBus(Entr)
Experience and expertise	Mr Peng has worked in the electronics industry and has extensive knowledge and experience in the production from electronic material, components and semi-product through to finished products. Most recently, he founded an Australian Group specialising in electronic medical products. Mr Peng brings extensive business experience across operational, supply chain management, product development and international sales, particularly in the Asia Pacific region.
Other current directorships	None
Former directorships (last 3 years)	None
Special responsibilities	Chief Operating Officer
Interests in shares	11,477,380
Interests in options	1,750,000 unlisted options exercisable at \$0.082 expiring 2 May 2027 1,500,000 unlisted options exercisable at \$0.08 expiring 10 December 2026 416,666 unlisted options exercisable at \$0.08 expiring 30 January 2027

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

Company Secretary

Mr Stephen Buckley held the position of Company Secretary of Audeara Limited at the end of the financial year. He joined Audeara on 21 September 2022. Mr Buckley is a director of Governance Corporate Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services to ASX listed companies.

Meetings of directors

The number of meetings of the Group's Board of Directors ('the Board') held during the year ended 30 June 2025, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
David Trimboli	10	10
James Fielding	10	10
Bill Peng	9	10

'**Held**' represents the number of meetings held during the time the director held office.

The Board has not established a separate audit committee. The full Board carries out the duties that would ordinarily be assigned to the audit committee. The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify having a separate audit committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors are entitled to receive shares and share options under the Audeara Limited Employee Securities Incentive Plan. Upon the Group's admission to the ASX, the Group granted the Non-Executive Directors an allocation of options under the Group's Directors' and Employees' Equity Incentive Plan. Further details can be found under the heading "Share-based compensation" below.

The Chair, David Trimboli, received $41,105 (2024: $55,500) as their rate of remuneration. In addition, the Chair is accruing his fees in lieu of receiving cash, and has sought shareholder approval for the issuance of shares in lieu of his fees annually at the Group's annual general meeting and where appropriate, through a general meeting.

Directors may also be reimbursed for expenses properly incurred by them in dealing with the Group's business or in carrying out their duties as a Director.

Under the Constitution, the Board decides the total amount paid to each Non-Executive Director as remuneration for their services as a Director. However, under the ASX Listing Rules, the total amount of fees paid to all Directors for their services (excluding, for these purposes, the salary of any Executive Director) must not exceed in aggregate in any financial year the amount fixed by the Group's shareholders in a general meeting. This amount has been fixed initially at $380,000 per annum at a general meeting of the Group's members that occurred pre the Initial Public Offering.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the Group with the performance hurdles of executives. STI payments are granted to executives based on specific targets and key performance indicators ('KPI's') being achieved.

The long-term incentives ('LTI') include share-based payments. Further details can be found under the heading "Share-based compensation" below.

Use of remuneration consultants

The Group did not engage remuneration consultants during the financial year ended 30 June 2025.

Voting of shareholders at the Group's last Annual General Meeting

The 2024 Annual General Meeting ('AGM') of the Group was held on 25 November 2024. The Group received 100% "Yes" votes of those cast on its Remuneration Report for the 2024 financial year. The Group did not receive any specific feedback at the 2024 AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Annual leave accrual	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	Total
2025	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:								
David Trimboli*	41,105	-	-	-	-	-	25,475	66,580
Executive Directors:								-
James Fielding**	301,496	20,996	-	34,672	5,094	-	30,570	392,828
Bill Peng	199,385	17,497	-	22,929	2,385	-	30,570	272,766
	541,986	38,494	-	57,601	7,479	-	86,615	732,174

* Opted to receive shares in lieu of a salary.
** Includes $62,727 relating to annual leave cashed out during the year.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Annual leave accrual	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	Total
2024	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:								
David Trimboli*	55,500	-	-	-	-	-	43,140	98,640
Pasquale Rombola**	8,325	-	-	-	-	-	-	8,325
Elaine Saunders***	20,813	-	-	-	-	-	-	20,813
Executive Directors:								
James Fielding	200,000	15,385	-	22,000	10,771	-	50,330	298,486
Bill Peng	180,000	13,846	-	19,800	1,534	-	50,330	265,511
Other Key Management Personnel:								
Stuart Smith****	32,579	2,506		3,584	-	-	-	38,669
	497,217	31,737	-	45,384	12,305	-	143,801	730,443

* Opted to receive shares in lieu of a salary.
** Resigned on 28 August 2023. Amount in 'cash salary and fees' represent invoiced amount by an entity controlled by Mr Rombola.
*** Resigned on 31 December 2023. Amount in 'cash salary and fees' represent invoiced amount by an entity controlled by Dr Saunders.
**** Resigned on 25 August 2023.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
David Trimboli	62%	56%	-	-	38%	44%
James Fielding	92%	83%	-	-	8%	17%
Bill Peng	89%	81%	-	-	11%	19%
Pasquale Rombola	-	100%	-	-	-	0%
Elaine Saunders	-	100%	-	-	-	0%
Stuart Smith	-	100%	-	-	-	0%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name	Dr James Fielding
Title	Managing Director and Chief Executive Officer
Agreement commenced	18 May 2021
Term of agreement	Fixed term of 2 years
Details	Annual salary of $240,000 (exclusive of statutory superannuation) .Remuneration will be reviewed by the Board of Directors every 12 months thereafter or as otherwise agreed between the parties. Dr Fielding is entitled to participate in the Group's option plan. Please refer to the section title "Share-based compensation" for further details. The Group entered into an employment agreement with Dr Fielding that commenced on the date of the Group's listing on the Australian Securities Exchange and continues for a fixed two-year period, after which it may be terminated by either party on three months' notice. The Group may terminate the agreement without notice upon limited events including misconduct or incapacity.
Name	Mr Bill Peng
Title	Executive Director and Chief Operating Officer
Agreement commenced	13 June 2022
Term of agreement	Fixed term of 2 years
Details	Annual salary of $200,000 (exclusive of statutory superannuation) . The remuneration will be reviewed by the Board of Directors 12 months from the commencement date and every 12 months thereafter or as otherwise agreed between the parties. Mr Peng is entitled to participate in the Group's option plan. Please refer to the section title "Share-based compensation" for further details.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

David Trimboli was issued 543,586 shares in lieu of his director fees, which was approved by members at the Group's annual general meeting held on 25 November 2024 and a further 416,667 shares in lieu of his director fees, which was approved by members at a general meeting held on 12 February 2025. There were no shares issued to other directors and other key management personnel as part of their compensation during the year ended 30 June 2025.

Options

The Group has on issue a total of 9,250,000 options to the three Directors as compensation. The options vested on issue. Options are exercisable by the holder as from the vesting date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their exercise.

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Date vested and exercisable	Expiry date	Exercise price	Fair value per option at grant date
David Trimboli	1,250,000	11 Dec 2024	11 Dec 2024	10 Dec 2026	$0.080	$0.020
James Fielding	1,500,000	11 Dec 2024	11 Dec 2024	10 Dec 2026	$0.080	$0.020
Bill Peng	1,500,000	11 Dec 2024	11 Dec 2024	10 Dec 2026	$0.080	$0.020

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2025 are set out below:

Name	Number of options grants during the year	Number of options grants during the year	Number of options vested during the year	Number of options vested during the year
	2025	2024	2025	2024
David Trimboli	1,250,000	1,500,000	1,250,000	1,500,000
James Fielding	1,500,000	1,750,000	1,500,000	1,750,000
Bill Peng	1,500,000	1,750,000	1,500,000	1,750,000

Additional information

The earnings of the Group for the five years to 30 June 2025 are summarised below:

	2025	2024	2023	2022	2021
	$	$	$	$	$
Revenue	3,785,788	3,185,107	2,905,985	2,067,411	1,115,124
Loss after income tax	(1,787,038)	(1,602,574)	(3,742,927)	(2,954,057)	(1,253,415)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2025	2024	2023	2022	2021
Share price at financial year end ($)*	0.023	0.036	0.032	0.100	0.100
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(1.09)	(1.11)	(2.88)	(2.80)	(1.91)

* The Group's shares first traded on the ASX on 18 May 2021 after successful completion of its IPO at $0.20 per share. Accordingly, no share price information has been provided prior to the 2021 financial year.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Group held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/other	Balance at the end of the year
Ordinary shares					
David Trimboli	21,591,210	960,253	2,282,589	-	24,834,052
James Fielding	8,472,333	-	3,220,501	-	11,692,834
Bill Peng	10,227,380	-	1,250,000	-	11,477,380
Total	**40,290,923**	**960,253**	**6,753,090**	**-**	**48,004,266**

Option holding

The number of options over ordinary shares in the Group held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below. These totals include those discussed above as part of remuneration as well those granted following investment in the Company during share placements that occurred during FY25:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Option holding					
David Trimboli	1,500,000	1,875,000	-	-	3,375,000
James Fielding	1,750,000	1,916,666	-	-	3,666,666
Bill Peng	1,750,000	1,916,666	-	-	3,666,666
Total	**5,000,000**	**5,708,332**	**-**	**-**	**10,708,332**

The above table includes free attaching options pursuant to participation in a Placement

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of the Group under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
30 April 2024	2 May 2027	$0.082	5,000,000
27 November 2023	18 April 2027	$0.050	1,476,000
27 November 2023	18 April 2027	$0.051	750,000
27 November 2023	18 April 2027	$0.071	725,000
25 November 2024	10 December 2026	$0.080	4,250,000
12 February 2025*	30 January 2027	$0.080	11,249,988
21 February 2025	20 February 2028	$0.080	4,100,000

* Options issued on 12 February 2025 were issued as part of a share placement and approved by shareholders at a general meeting.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Group or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of the Group issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

Indemnity and insurance of officers

The Group has indemnified the directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Group who are former partners of Grant Thornton

There are no officers of the Group who are former partners of Grant Thornton Audit Pty Ltd.

Rounding of amounts

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

D E Trimboli

David Trimboli
Chair of the Board

Brisbane, 26 August 2025

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Auditor's Independence Declaration

To the Directors of Audeara Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Audeara Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner – Audit & Assurance

Brisbane, 26 August 2025

Financial Statements

Contents

General information

The financial statements cover Audeara Limited as a consolidated entity consisting of Audeara Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian Dollars ($), which is Audeara Limited's functional and presentation currency.

Audeara Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

35 Brookes St
Bowen Hills QLD 4006

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2025		Consolidated	
	Note	2025	2024
		$	$
Revenue			
Revenue	5	3,785,788	3,185,107
Cost of sales		(2,420,941)	(2,241,985)
Gross profit		1,364,847	943,122
Other income	6	1,249,170	1,253,683
Expenses			
Employee benefits and contractor expenses		(2,494,504)	(2,515,114)
Professional fees		(406,556)	(287,644)
Advertising and marketing		(132,161)	(93,684)
Other expenses		(1,151,121)	(800,456)
Loss before depreciation, net finance costs and income tax		**(1,570,325)**	**(1,500,093)**
Depreciation and amortisation		(149,637)	(112,734)
Total depreciation and amortisation expense		**(149,637)**	**(112,734)**
Costs of finance	7	(67,076)	10,254
Total net finance income/(costs)		**(67,076)**	**10,254**
Loss before income tax		**(1,787,038)**	**(1,602,574)**
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the equity holders of Audeara Limited		**(1,787,038)**	**(1,602,574)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation reserve movement, net of tax	24	12,296	-
Total other comprehensive income for the year, net of tax		**12,296**	**-**
Total comprehensive income for the year attributable to the equity holders of Audeara Limited		**(1,774,742)**	

		Cents	Cents
Basic earnings/(loss) per share	33	(1.09)	(1.11)
Diluted earnings/(loss) per share	33	(1.09)	(1.11)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

		Consolidated	
	Note	2025	2024
Assets		$	$
Current assets			
Cash and cash equivalents	9	1,421,091	1,271,800
Trade and other receivables	10	1,606,252	1,944,055
Inventories	11	324,639	1,265,778
Other assets	12	469,793	161,291
Total current assets		**3,821,775**	**4,642,924**
Non-current assets			
Property, plant and equipment	13	241,712	85,008
Capital work in progress		38,883	79,203
Right-of-use assets	14	100,644	19,268
Intangibles	15	54,459	41,066
Other assets	16	45,930	20,844
Total non-current assets		**481,628**	**245,389**
Total assets		**4,303,403**	**4,888,313**
Liabilities			
Current liabilities			
Trade and other payables	17	516,723	1,790,397
Contract liabilities	18	1,048,016	984,986
Borrowings	19	1,020,129	86,000
Lease liabilities	20	85,719	26,182
Employee benefits	21	262,884	292,226
Provisions	22	21,729	81,696
Total current liabilities		**2,955,200**	**3,261,487**
Non-current liabilities			
Lease liabilities	20	18,856	-
Employee benefits	21	35,353	18,073
Total non-current liabilities		**54,209**	**18,073**
Total liabilities		**3,009,409**	**3,279,560**
Net assets		**1,293,994**	**1,608,753**
Equity			
Issued capital	23	15,371,850	14,061,018
Reserves	24	331,332	169,885
Accumulated losses		(14,409,188)	(12,622,150)
Total equity		**1,293,994**	**1,608,753**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2024	14,061,018	169,885	(12,622,149)	1,608,753
Loss after income tax expense for the year	-	-	(1,787,038)	(1,787,038)
Foreign currency translation reserve movement, net of tax (note 24)	-	12,296	-	12,296
Total comprehensive income for the year	-	12,296	(1,787,038)	(1,774,742)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 23)	1,310,832	-	-	1,310,832
Share-based payments (note 24)	-	149,151	-	149,151
Balance at 30 June 2025	**15,371,850**	**331,332**	**(14,409,188)**	**1,293,994**

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2023	13,970,383	218,814	(11,019,576)	3,169,621
Loss after income tax expense for the year	-	-	(1,602,573)	(1,602,573)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,602,573)	(1,602,573)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 23)	90,635	-	-	90,635
Share-based payments (note 24)	-	(48,929)	-	(48,929)
Balance at 30 June 2024	**14,061,018**	**169,885**	**(12,622,149)**	**1,608,753**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Note	Consolidated 2025 $	2024 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,898,433	3,538,628
Payments to suppliers and employees (inclusive of GST)		(7,425,683)	(5,646,651)
		(2,527,250)	(2,108,023)
Interest income		20,752	21,837
Research and development tax incentive and other grants		695,072	764,404
Interest and other finance costs paid		(1,083)	(10,039)
Net cash used in operating activities	31	**(1,812,509)**	**(1,331,820)**
Cash flows from investing activities			
Payments for property, plant and equipment	13	(140,384)	(8,466)
Payments for intangibles	15	(8,632)	-
Net cash used in investing activities		**(149,016)**	**(8,466)**
Cash flows from financing activities			
Proceeds from issue of shares	23	1,350,000	90,635
Transaction costs related to issue of shares		(73,773)	-
Proceeds from borrowings		957,124	-
Repayments of borrowings		(58,387)	-
Transaction costs related to borrowings		(27,826)	-
Proceeds from insurance premium funding		122,151	123,705
Repayment of insurance premium funding		(121,586)	(123,607)
Repayment of lease liabilities		(65,435)	(101,608)
Net cash (used in) / from financing activities		**2,082,268**	**(10,875)**
Net increase/(decrease) in cash and cash equivalents		120,743	(1,351,161)
Cash and cash equivalents at the beginning of the financial year		1,271,800	2,622,961
Effect of exchange rate changes on cash and cash equivalents*		28,548	-
Cash and cash equivalents at the end of the financial year	9	**1,421,091**	**1,271,800**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1. General information

The financial statements cover Audeara Limited as a consolidated entity. The financial statements are presented in Australian dollars ($), which is Audeara Limited's functional and presentation currency.

Audeara Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

35 Brookes St
Bowen Hills, QLD, 4006

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The material accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted.

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and their impact on the financial statements has not yet been assessed.

Going concern

In accordance with AASB 101(25), the Directors of Audeara Limited have assessed the ability of the Group to continue as a going concern for the financial year ended 30 June 2025. This assessment is based on a review of the Group’s financial position, cash flow forecast, and operating performance.

Audeara reported a net cash inflow due to financing activities and experienced negative operating cash flows and incurred losses during the year. These factors prima facie give rise to a material uncertainty about the Group's ability to continue as a going concern. However, several key developments and strategic initiatives support the Directors' confidence in the Group's future prospects.

Key Considerations

1. **Net Loss and Cash Flow:** The Group reported a net operating cash outflow of $1.7 million for FY25, on par with FY24 and a significant improvement from FY23's outflow of $3.0 million. This reduction in net cash outflows reflects management's ongoing cost optimisation initiatives.
2. **Record Revenues:** Audeara achieved its fourth consecutive year of revenue growth since listing on the ASX. Growth in FY25 was driven by 25% growth in Australia and 13% growth in International markets.
3. **Strategic Partnerships and Orders:** The Group secured a significant follow-on purchase order from a global music instrument brand valued at $1.48 million with partial cash receipts but no revenue recognised in FY25 due to timing of shipments. Post reporting period end shipments to the value of $672,598 were made to be recognised in FY26. An extension to a global audiology partner supply agreement provides for an MOQ of 5,000 per calendar year for both of 2025 and 2026.
4. **AUA Technology as a Cash-Generating Business Unit:** AUA Technology has emerged as a crucial driver of Audeara's financial performance. The division focuses on leveraging the Group's intellectual property through licensing agreements and manufacturing partnerships, allowing Audeara to capitalise on its technological innovations. During FY25 this includes executing a LOI regarding a technology licensing agreement to supply technology for a Chinese medical device which was converted to an executed licensing agreement after the reporting period closed. The strategic focus on AUA Technology has led to substantial revenue contributions and positioned the Group for sustainable growth.
5. **Proven Track Record of Raising Funds:** Audeara has a proven track record of successfully raising funds to support its market expansion opportunities. This includes strategic investments and partnerships that have provided the financial resources necessary to drive growth and pursue new business initiatives. This is evidenced by the $1.35m raised from new and existing shareholders including each of the Company's directors during FY25.
6. **Research and Development Incentives:** Audeara has recognised an R&DTI accrual of $1.2m for FY25, which supports the Company's financial position and ongoing product innovation. At 30 June 2025, the outstanding R&DTI drawdown facility balance was $933k, comprising the initial drawdown and accrued interest to that date. By the time of repayment, the total cash required to settle the facility, including further forecast interest, is expected to be approximately $971k. The remaining $247k of the R&DTI will be available for ongoing activities.
7. **Operational Improvements:** The Group has implemented a management restructure aimed at optimising operations and maintaining a reduced cost base as gross profit increases.
8. **Cash Reserves:** As of 30 June 2025, Audeara holds cash and cash equivalents amounting to $1.4 million. This cash reserve, along with anticipated revenue from ongoing and future orders, provides the Group with the liquidity needed to support its operations and growth initiatives.

The Directors of Audeara Limited believe that the actions taken to improve cash flow, secure significant orders, and reduce operating expenses provide a reasonable basis to continue as a going concern. The Group's strategic focus on expanding its AUA Technology division, leveraging partnerships with industry leaders, and its proven ability to raise funds positions Audeara for future profitability and growth. Based on the above, the Directors are of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the Group will be able to meet its liabilities from its assets in the ordinary course of business, for a period of not less than 12 months from the date of this financial report and has accordingly prepared the financial report on a going concern basis.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Statement of Cash Flows

Cash flows are classified and presented in the statement of cash flows in accordance with AASB 107 Statement of Cash Flows.

From 1 July 2024, the Group has elected to classify all interest paid within financing activities. Previously, interest paid was included within operating activities. Comparative figures for FY2024 have not been reclassified and continue to present interest paid as operating cash flows.

Loan drawdowns and principal repayments continue to be presented within financing activities. This change relates solely to presentation and has no impact on the Group’s net cash flows or financial position.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Refer to note 34 for further information.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the location chosen as the location of control of the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Revenue from contracts with customers involving the provision of services

When recognising revenue in relation to the provision of services over time, significant judgement is required in determining the appropriate performance obligations, the transaction price of the performance obligations and the satisfaction of the performance obligations.

Research and Development (‘R&D’) Tax Incentive

The Group lodges annual returns to claim eligible expenditure under the R&D Tax Incentive scheme with the Australian Government. The application of the R&D provisions requires a level of judgement and the maintenance of appropriate records to support amounts claimed.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity’s operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 4. Operating segments

Identification of reportable operating segments

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments under AASB 8 Operating Segments. The Board of Directors (Chief Operating Decision Maker or “CODM") assess the financial performance of the Group on an integrated basis only and accordingly, the Group is managed on the basis of a single segment, being the development of hearing health technology. Information presented to the CODM on a monthly basis is categorised by type of expenditure.

Note 5. Revenue

	Consolidated	
	2025 $	2024 $
Revenue from contracts with customers		
Sale of goods – Wholesale (point in time)	3,494,418	2,604,444
Sale of goods – Retail (point in time)	124,904	114,981
Services revenue (over agreed period of time)	166,466	465,682
	3,785,788	**3,185,107**

Disaggregation of revenue from contracts with customers

	Consolidated	
	2025 $	2024 $
Primary geographical markets		
Australia*	1,928,883	1,552,056
North America*	1,135,638	1,570,675
Asia*	654,107	13,024
Europe	67,160	49,352
	3,785,788	**3,185,107**

*In FY25, the Group updated its method of presenting revenue by geographical region to reflect the location of customers, rather than the location where services were provided. As a result:

- Revenue from services provided by AUA Technology has been reclassified from Australia to North America.
- Revenue from Asian customers previously included in the Australia region has been separately disclosed under Asia.

Comparative information for FY24 has been reclassified to conform with the current year presentation. These changes do not impact total revenue.

Major customers

During the year ended 30 June 2025, the Group had four external customers that each accounted for 10% or more of total revenue:

- One customer accounted for approximately 29% of revenue, relating to both the Wholesale and Services segments in North America;
- One customer accounted for approximately 18%, within the Wholesale segment in Asia;
- One customer accounted for approximately 17%, within the Wholesale segment in Australia; and
- One customer accounted for approximately 11%, within the Wholesale segment across Australia and Europe.

The Group is not economically dependent on any single customer, but monitors customer concentration as part of its risk management processes.

Accounting policy for revenue recognition from sale of goods

Revenue is measured based on the consideration specified in a contract with a customer and excludes any amounts collected on behalf of third parties. The Group recognises revenue when it satisfies its performance obligation by transferring control over a product to a customer when the product is shipped. Invoices are generated at the point of sale and payment terms vary from customer to customer.

Revenue from the sale of products is recognised at a point in time when control of the asset is transferred which is on shipment of the goods. The amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific product types. The contracts permit the customer to return the item, however, there is a low probability of a significant reversal in cumulative revenue occurring.

Services revenue is recognised when the outcome of a transaction involving the rendering of services can be reliably estimated by reference to the stage of completion of the transaction at reporting date.

Note 6. Other income

	Consolidated	
	2025	2024
Government grants (a)	6,150	95,050
Research and development tax incentive	1,222,268	1,158,633
Interest income	20,752	-
Total Other income	**1,249,170**	**1,253,683**

(a) Government grants

	Consolidated	
	2025 $	2024 $
Trade and Investment Queensland Grant	6,150	21,850
Export Market Development Grant	-	73,200
	6,150	**95,050**

Other income includes government grants. Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attached to it and that the grant will be received.

Note 7. Expenses

	Consolidated	
	2025	2024
Loss before income tax includes the following specific expenses:	$	$
Depreciation		
Property plant & equipment	61,003	32,852
Buildings right-of-use assets	85,207	77,088
Total depreciation	146,210	109,940
Amortisation		
Patents and trademarks	2,795	2,794
Product certification	632	-
Total depreciation and amortisation	149,637	112,734
Finance costs		
Interest and finance charges paid/payable on borrowings	44,112	3,643
Interest and finance charges paid/payable on lease liabilities	7,790	2,457
Other finance costs	15,002	3,954
Interest charges paid/payable to the ATO	172	200
Finance costs expensed	67,076	10,254
Superannuation expense		
Defined contribution superannuation expense	236,514	182,043
Share-based payments expense		
Share-based payments expense	149,151	(48,929)

Note 8. Income tax

Loss before income tax includes the following specific expenses:

	Consolidated	
	2025 $	2024 $
Income Tax Expense		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
Adjustment recognised for prior periods	-	-
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,787,038)	(1,602,574)
Tax at the statutory tax rate of 25% (2024: 25%)	(446,760)	(400,643)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	(305,567)	(289,457)
R&D expenses	700,636	393,762
Other expenses	56,679	(5,789)
	4,988	**(302,127)**
Current year tax losses not recognised	57,158	386,105
Current year temporary differences not recognised	(62,146)	(83,978)
Income tax expense	-	-

	Consolidated	
	2025 $	2024 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Prior year unrecognised tax losses carried forward	2,281,888	2,236,936
Over/under recognition of prior year deferred tax adjustments	8,787	(257,175)
Unrecognised tax losses	57,158	386,105
Unrecognised temporary differences	(62,146)	(83,978)
Total deferred tax assets not recognised	**2,285,687**	**2,281,888**

The above potential tax benefit for tax losses and deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain. The tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 9. Current Assets - Cash and cash equivalents

	Consolidated	
	2025 $	2024 $
Cash at bank	1,421,091	1,271,800

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 10. Current Assets - Trade and other receivables

	Consolidated	
	2025 $	2024 $
Trade receivables	356,311	1,258,909
Research and development tax incentive	1,219,107	685,146
Other receivables	30,834	-
	1,606,252	**1,944,055**

At 30 June 2025, trade receivables are presented net of an allowance for expected credit losses of $1,476 (2024: $3,504).

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 14-60 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 11. Current Assets - Inventories

	Consolidated	
	2025 $	2024 $
Stock in transit - at cost	-	996,071
Stock on hand - at cost	354,077	377,891
Less: provision for stock obsolescence	(29,438)	(108,184)
	324,639	**1,265,778**

Accounting policy for inventories

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value on a "first in first out basis". Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 12. Current Assets - Other assets

	Consolidated	
	2025 $	2024 $
Prepayments	469,793	119,559
Security deposits	-	41,731
	469,793	**161,291**

Note 13. Non Current Assets - Property, plant and equipment

	Consolidated	
	2025 $	2024 $
Equipment - at cost	449,409	231,702
Less Accumulated depreciation	(207,697)	(146,694)
	241,712	**85,008**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Property Plant & Equipment
Balance at 30 June 2024	85,008
Additions	217,707
Depreciation expense	(61,003)
Balance at 30 June 2025	**241,712**

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Equipment/Computers: 3-4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 14. Non Current Assets - Right-of-use assets

	Consolidated	
	2025 $	2024 $
Buildings - right-of-use	166,583	231,260
Less Accumulated depreciation	(65,939)	(211,992)
	100,644	**19,268**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Buildings $
Balance at 30 June 2024	19,268
Additions - new lease	166,583
Depreciation expense	(85,207)
Balance at 30 June 2025	**100,644**

During the year ended 30 June 2025, the Company"s previous building right-of-use lease was fully depreciated. A new building lease commenced in the period, resulting in recognition of a new right-of-use asset of $166,583. The lease is for two years and is depreciated over the lease term on a straight-line basis.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 15. Non Current Assets - Intangibles

	Consolidated	
	2025	2024
	$	$
Patents and trademarks - at cost	60,851	60,851
Product certification - at cost	16,820	-
Less Accumulated amortisation	(23,212)	(19,785)
	54,459	**41,066**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Patents & Trademarks	Product Certification
Balance at 30 June 2024	41,066	-
Additions	-	16,820
Amortisation expense	(2,795)	(632)
Balance at 30 June 2025	**38,271**	**16,188**

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, ranging from 1-20 years.

Product certification

Significant costs associated with obtaining product certifications are capitalised and amortised on a straight-line basis over their expected useful life, which is generally 5 years. The useful life is reviewed annually and adjusted if appropriate.

Note 16. Non Current Assets - Other

	Consolidated	
	2025 $	2024 $
Term deposit	21,730	20,844
Security deposits	24,200	-
	45,930	**20,844**

Note 17. Current Liabilities - Trade and other payables

	Consolidated	
	2025 $	2024 $
Trade payables	165,700	1,605,354
Accrued expenses	223,674	185,621
BAS payable	122,058	(7,578)
Other payables	5,291	7,000
	516,723	**1,790,397**

Refer to note 25 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 18. Current liabilities - Contract liabilities

	Consolidated	
	2025	2024
	$	$
Contract liabilities	1,048,016	984,986

Contract liabilities relate to the unearned revenue component on goods invoiced but not yet delivered to a customer at the year-end.

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $1,048,016 as at 30 June 2025 ($984,986 as at 30 June 2024) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2025	2024
	$	$
Within 6 months	902,185	984,986
6-12 months	145,832	-
	1,048,017	**984,986**

Accounting policy for contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 19. Current liabilities - Borrowings

	Consolidated	
	2025 $	2024 $
Insurance premium funding	86,565	86,000
R&D tax incentive facility	933,564	-
	1,020,129	**86,000**

R&D Tax Incentive Finance Facility

During the financial year the Group entered into a new facility to finance the expected R&D tax incentive refund. The facility incurs interest at a flat rate of 1.25% per month and is secured against the expected refund. As at 30 June 2025, $898,737 had been received under the facility, and accrued interest of $34,827 remained unpaid, bringing the total liability to $933,564, recorded in current borrowings. This has been classified as a current liability as it is repayable at the earlier of 31 December 2025 or the date the refund is received.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2025 $	2024 $
Total facilities		
Insurance premium funding	86,565	86,000
R&D tax incentive facility	933,564	-
Used at the reporting date		
Insurance premium funding	86,565	86,000
R&D tax incentive facility	933,564	-
Unused at the reporting date		
Insurance premium funding	-	-
R&D tax incentive facility	-	-

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 20. Current Liabilities - Lease liabilities

	Consolidated	
	2025 $	2024 $
Current liabilities		
Lease liability	85,719	26,182
Non-current liabilities		
Lease liability	18,856	-
	104,575	**26,182**

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 21. Employee benefits

	Consolidated	
	2025	2024
	$	$
Current Liabilities		
Annual Leave and long service leave	262,884	292,226
Non-current liabilities		
Long service leave	35,353	18,073
	298,237	**310,299**

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 22. Provisions

	Consolidated	
	2025 $	2024 $
Marketing	-	50,000
Warranties	21,729	31,696
	21,729	**81,696**

Warranties

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Marketing $	Warranties $
Carrying amount at the start of the year	50,000	31,696
Additional provisions recognised/(reversed)	(50,000)	(9,967)
Carrying amount at the end of the year	-	21,729

Accounting policy for provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 23. Equity - Issued capital

	2025 Shares	2024 Shares	2025 $	2024 $
Ordinary shares - fully paid	**179,934,383**	**145,224,130**	**15,371,850**	**14,061,018**

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2024	145,224,130		14,061,018
Issue of shares in lieu of director fees	11 December 2024	543,586	$0.033	17,938
Placement	11 December 2024	29,375,000	$0.040	1,175,000
Issue of shares in lieu of director fees	12 February 2025	416,667	$0.040	16,667
Issue of shares to directors pursuant to a Placement	12 February 2025	4,375,000	$0.040	175,000
Share issue costs				(73,773)
Balance	**30 June 2025**	**179,934,383**		**15,371,850**

During the year, the Group received $1,350,000 in cash proceeds from share issues, before deducting $73,773 of share issue costs (net cash proceeds of $1,276,227). In addition, $34,605 of shares were issued in lieu of director fees, which are non-cash transactions

The above table includes free attaching options pursuant to participation in a Placement.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group does not have any externally imposed capital requirements.

The capital risk management policy remains unchanged from the 2024 Annual Report.

The Group monitors capital on the basis of its working capital position (i.e. liquidity risk). The Group's net working capital at 30 June 2025 was $866,576 (2024: $1,381,438).

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 24. Equity - Reserves

	Consolidated	
	2025 $	2024 $
Share-based payments reserve	319,036	169,885
Foreign currency translation reserve	12,296	-
Total reserves	**331,332**	**169,885**

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

The reserve includes amounts recognised in respect of both free-attaching options issued under placements and freestanding share options granted independently of any other instruments.

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations into Australian dollars.

The foreign currency translation reserve has been recognised for the first time in FY25, reflecting exchange differences arising on translation of the Group's foreign operations, principally denominated in Hungarian Forint (HUF) and United States Dollars (USD).

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share-based payments $	Foreign currency translation $
Balance at 30 June 2024	169,885	-
Expensed in the period	149,151	12,296
Balance at 30 June 2025	**319,036**	**12,296**

Note 25. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

Risk management is carried out under policies set by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2025 $	2024 $	2025 $	2024 $
US Dollars (USD)	12,073	223,045	19,583	-
Hungarian Forint (HUF)	875,313	432,868	158,750	-
Euros (EUR)	21,497	7,533	-	-
Chinese Yuan Renminbi (CNY)	549	-	9,850	-
	909,432	**663,446**	**188,183**	**-**

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

At 30 June 2025, the Group was exposed to variable interest rate risks on cash balances only. A change of 100 basis points (2024: 100 basis points) in interest rates at the reporting date would have decreased the loss before tax by $14,211 (2024: decreased the loss by: $12,718).

As at the reporting date, the Group had the following variable rate cash balances. The Group also has borrowings at fixed interest rates, which are not subject to interest rate risk and are therefore excluded from the sensitivity analysis:

	2025		2024	
	Weighted average interest rate %	Balance	Weighted average interest rate %	Balance
Cash at Bank				
Net exposure to cash flow interest rate risk	1.35%	$1,421,091	1.35%	$1,271,800

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Cash and cash equivalents

The Group has cash at bank of $1,421,091 at 30 June 2025 (2024: $1,271,800) that is held with financial institution counter-parties that are rated AA-based on S&P Global rating.

Trade and other receivables

The Group uses an allowance matrix to measure the expected credit losses (ECLs) of trade receivables, which comprise a large number of small balances. Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

In line with this method, and based on historical default rates and forward-looking estimates, management has applied a 0.5% general provision to the gross trade receivables balance at 30 June 2025 (2024: 0.5%). This resulted in an allowance for expected credit losses of $1,476 (2024: $3,504).

In applying the simplified approach under AASB 9, the Group also considers forward-looking information and specific credit risk factors for individual debtor balances. Where these indicate a higher probability of default, lifetime expected credit losses are recognised on those balances. As at 30 June 2025, no such additional allowances were required (2024: nil).

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2025	2 months or less	2-12 months	1-2 years	3-5 years	Remaining contractual maturities
	$	$	$	$	$
Non-derivatives					
Non-interest bearing					
Trade payables	511,431	-	-	-	511,431
Other payables	-	5,291	-	-	5,291
Interest-bearing - fixed rate					
Lease liability	14,667	75,973	19,067	-	109,707
Insurance premium funding	25,571	63,928	-	-	89,499
R&DTI drawdown facility	-	971,310	-	-	971,310
Total non-derivatives	**551,669**	**1,116,502**	**19,067**	**-**	**1,687,238**

2024	2 months or less	2-12 months	1-2 years	3-5 years	Remaining contractual maturities
	$	$	$	$	$
Non-derivatives					
Non-interest bearing					
Trade payables	1,833,397	-	-	-	1,833,397
Other payables	7,000	-	-	-	7,000
Interest-bearing - fixed rate					
Lease liability	17,433	8,749	-	-	26,182
Insurance premium funding	24,672	61,680	-	-	86,352
Total non-derivatives	**1,882,502**	**70,429**	**-**	**-**	**1,952,931**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 26. Key management personnel disclosures

	Consolidated	
	2025 $	2024 $
Short-term employee benefits	580,479	528,954
Post-employment benefits	57,601	45,384
Long-term benefits	7,479	12,305
Share-based payments	86,615	143,801
	732,174	**730,443**

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Group:

	Consolidated	
	2025 $	2024 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	89,150	73,055

Note 28. Contingent liabilities

The Group did not have any contingent liabilities at 30 June 2025 and 30 June 2024.

Note 29. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to or from related parties

The Group has intercompany loans between the parent and its subsidiaries. These balances are eliminated on consolidation and are therefore not presented in these consolidated financial statements.

Note 30. Events after the reporting period

On 5 August 2025, the Company advised it had entered into a project agreement with Ear Science Institute Australia (ESIA) under which ESIA will contribute $100,000 alongside their expertise to support the development and evaluation of bone conduction hearing enhancement solutions targeting high-need communities across Australia.

On 5 August 2025, the Company recognised $672,598 in shipments to Zildjian which will form part of FY26.

On 12 August 2025, the Company announced it had entered into a Licensing Agreement with Eastech (Huizhou) Co. Ltd, a wholly owned subsidiary of Eastech Holding Limited, to support the entry of Audeara's proprietary hearing technology into the Chinese medical device market. The Licensing Agreement has an initial five-year term and Audeara will receive royalties per unit sold.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 31. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2025 $	2024 $
Loss after income tax expense for the year	(1,787,038)	(1,602,573)
Adjustments for:		
Depreciation and amortisation	149,637	112,734
Share-based payments	149,151	(48,929)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	337,804	(1,096,750)
(Increase)/decrease in inventories	941,139	(448,931)
(Increase)/decrease in prepayments	(308,502)	36,638
(Increase)/decrease in other operating assets	(25,086)	4,221
Increase/(decrease) in trade and other payables	(1,273,674)	846,025
Increase/(decrease) in contract liabilities	63,030	984,986
Increase/(decrease) in employee benefits	(12,062)	16,096
Increase/(decrease) in other provisions	(59,967)	(98,336)
Net (gain)/loss on foreign exchange	13,059	(37,001)
Net cash used in operating activities	**(1,812,509)**	**(1,331,820)**

Note 32. Changes in liabilities arising from financing activities

Consolidated	Lease liabilities $	Insurance Premium Funding $	R&DTI Finance $	Total $
Balance at 30 June 2023	**127,790**	**82,949**	**-**	**210,739**
Net cash from/(used in) financing activities	(101,608)	98	-	(101,510)
Other	-	2,953	-	2,953
Balance at 30 June 2024	**26,182**	**86,000**	**-**	**112,182**
Net cash from/(used in) financing activities	(65,435)	565	898,737	833,867
Other	143,828	-	34,827	178,655
Balance at 30 June 2025	**104,575**	**86,565**	**933,564**	**1,124,704**

Note 33. Earnings per share

	Consolidated	
	2025 $	2024 $
Loss after income tax attributable to the owners of Audeara Limited	(1,787,038)	(1,602,573)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	163,606,585	144,202,995
Weighted average number of ordinary shares used in calculating diluted earnings per share	163,606,585	144,202,995
	Cents	Cents
Basic earnings per share	(1.09)	(1.11)
Diluted earnings per share	(1.09)	(1.11)

Options are considered to be potential ordinary shares but are anti-dilutive in nature and therefore the diluted loss per share is the same as the basic loss per share. These options could potentially dilute basic earnings per share in the future.

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Audeara Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 34. Share-based payments

The Group has an Audeara Limited Employee Securities Incentive Plan to align the interests of eligible employees and Directors with shareholders through the sharing of a personal interest in the future growth and development of the Group and to provide a means of attracting and retaining skilled and experienced eligible persons.

On 25 November 2024, shareholders of the Group approved the grant of a total of 4,250,000 unlisted options exercisable at $0.08 on or before 10 December 2026 to Mr Trimboli (1,250,000), Dr Fielding (1,500,000) and Mr Peng (1,500,000) ("Director Options"). Mr Trimboli, Dr Fielding and Mr Peng are directors of the Group and the issue of options is to incentivise and remunerate them in performing their role and the issue of Director Options is considered an appropriate incentive in the circumstances. The Director Options were issued for nil consideration on 11 December 2024 and vested immediately on issue. Other than remaining employed by the Group, there were no other vesting conditions.

On 21 February 2025, the Company issued a total of 4,100,000 unlisted options exercisable at $0.08 on or before 20 February 2028 under an Employee Incentive Plan to employees of the Group ("Employee Options"). The Employee Options vest six (6) months on issue.

Set out below are summaries of options granted:

2025							
Grant date	**Expiry date**	**Exercise Price**	**Balance at the start of the year**	**Granted**	**Exercised**	**Expired/ forfeited/ other**	**Balance at the end of the year**
30 Apr 2024	2 May 2027	$0.080	5,000,000				5,000,000
27 Nov 2023	18 Apr 2027	$0.050	1,476,000				1,476,000
27 Nov 2023	18 Apr 2027	$0.071	725,000				725,000
27 Nov 2023	18 Apr 2027	$0.051	750,000				750,000
11 Dec 2024	10 Dec 2026	$0.080	-	4,250,000	-	-	4,250,000
21 Feb 2025	20 Feb 2028	$0.080	-	4,100,000	-	-	4,100,000
			7,951,000	**8,350,000**	**-**	**-**	**16,301,000**
Weighted average exercise price			$0.076				

2024							
Grant date	**Expiry date**	**Exercise Price**	**Balance at the start of the year**	**Granted**	**Exercised**	**Expired/ forfeited/ other**	**Balance at the end of the year**
10 May 2021	10 May 2024	$0.300	3,487,500	-	-	(3,487,500)	-
30 Apr 2024	2 May 2027	$0.082	-	5,000,000	-	-	5,000,000
27 Nov 2023	18 Apr 2027	$0.050	-	1,476,000	-	-	1,476,000
27 Nov 2023	18 Apr 2027	$0.071	-	725,000	-	-	725,000
27 Nov 2023	18 Apr 2027	$0.051	-	750,000	-	-	750,000
			3,487,500	**7,951,000**	**-**	**(3,487,500)**	**7,951,000**
Weighted average exercise price			$0.072				

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions. Volatility used in the calculation was based on the historical volatility of comparable companies.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 35. Parent entity information

Statement of profit or loss and other comprehensive income

	Parent	
	2025	2024
	$	$
Profit after income tax	(1,755,862)	(1,574,606)
Total comprehensive income	(1,755,862)	(1,574,606)

Statement of financial position

	Parent	
	2025	2024
	$	$
Total current assets	3,720,075	4,878,195
Total assets	4,162,820	5,043,439
Total current liabilities	(2,959,285)	(3,376,497)
Total liabilities	(2,846,257)	(3,394,570)
Net Assets	**1,316,563**	**1,648,869**
Equity		
Issued capital	15,944,963	14,560,358
Current Year Earnings	(1,755,862)	(1,574,606)
Retained Earnings	(12,607,188)	(10,996,155)
Options Reserve	319,036	169,885
Share Issue Costs	(584,386)	(510,612)
Total equity	**1,316,563**	**1,648,869**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2025 and 30 June 2024.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2025 and 30 June 2024.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Loans to Subsidiaries

The parent entity holds loans with its subsidiaries which cause the net assets of the parent entity to exceed the total equity of the consolidated Group. Impairment losses have been recorded against the parent entity's loans receivable to reduce the equity position of the parent entity to the consolidated equity of the Group.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

Note 36. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2025	2024
		%	%
Audeara Europe KFT	Hungary	100.00%	100.00%
Audeara US Inc.	United States of America	100.00%	100.00%

Consolidated Entity Disclosure Statement

Entity Name*	Type of entity	Trustee, Partner or Participant in Joint Venture	% of share capital held	Country of Incorporation	Australian resident or foreign resident	Foreign tax jurisdictions of foreign residents
Audeara Limited	Body Corporate	N/A	N/A	Australia	Australian resident	N/A
Audeara Europe KFT	Body Corporate	N/A	100%	Hungary	Foreign resident	Hungary
Audeara US Inc.	Body Corporate	N/A	100%	USA	Foreign resident	USA

* Entities listed here are those that are part of the consolidated entity at the end of the financial year. Entities disposed of during the year, or where the entity has lost control by the reporting date, are not included here. This means that entities listed could be different to the 'Interests in subsidiaries' note contained in note 36 of the notes to the financial statements.

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the Group at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. It should be noted that the definitions of 'Australian resident' and 'foreign resident' in the Income Tax Assessment Act 1997 are mutually exclusive. This means that if an entity is an 'Australian resident' it cannot be a 'foreign resident' for the purposes of disclosure in the CEDS.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis, so there is no need for a general residence test. Some provisions treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Directors' Declaration

30 June 2025

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- The information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

D E Trimboli

David Trimboli
Chair of the Board

Brisbane, 26 August 2025

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Independent Auditor's Report

To the Members of Audeara Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Audeara Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of $1,787,038 during the year ended 30 June 2025, and recorded net operating cash outflows of $1,688,145. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition – Note 5	

The Group earns revenue from the sale of its hearing health products to its retail and wholesale customers, as well as the provision of design and engineering services to selected clients.
 	
Revenue recognition from product sales can be impacted by a failure to measure revenue in accordance with AASB 15 *Revenues from Contracts with Customers* or by applying an incorrect approach to period end cut-off.
 	
Additionally, the Group recognises revenue from the provision of services over time, using an output method that assesses the completion of project milestones, which inherently requires the use of estimation and judgement.
 	
This area is a key audit matter because revenue recognition is considered significant to the users of the financial statements.
	Our procedures included, amongst others:
	• Reviewing Audeara Limited's revenue recognition policies for compliance with AASB 15;
	• Understanding and documenting the processes and controls relating to revenue recognition;
	• Reviewing sales agreements with significant customers to assess whether the terms and conditions are reflected in the recognition of revenue;
	• Testing a sample of product sales revenue transactions to proof of delivery documentation to evaluate the occurrence of the transaction and assess whether revenue was recorded in the correct period;
	• Selecting service contract revenue transactions, and:
	  • reading the relevant contract terms and discussing the project schedule with key project personnel to evaluate how revenue should be recognised in accordance with AASB 15;
	  • considering the appropriateness of the Group's application of AASB 15 in recognising revenue over time and measuring the progress towards complete satisfaction of the performance obligations under the contract using the output method;
	  • agreeing outputs delivered to internal and external documentation;

- recalculating the service revenue that should be recognised during the year;
- Assessing Management's application of revenue recognition at year-end, by testing the recording of sales close to year end to ensure they are recorded in the correct period; and
- Assessing the adequacy of the financial report disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 18 to 23 of the Directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Audeara Limited, for the year ended 30 June 2025 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton Audit Pty Ltd
Chartered Accountants

CDJ Smith
Partner – Audit & Assurance

Brisbane, 26 August 2025

Shareholder Information

The shareholder information set out below was applicable as at 30 July 2025.

As at 30 July 2025, there were 595 holders of fully paid ordinary shares.

Voting rights

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands, unless a poll is required under the ASX Listing Rules or is otherwise demanded by members. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon the exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

Twenty largest Shareholders

The names of the twenty largest holders of Ordinary Fully Paid Shares are:

Holder Name	Shares	% Shares
Fortune Pioneer International Holdings Co Limited	35,000,000	19.45
Audeara Investments Pty Ltd	15,235,459	8.47
James Fielding Family Pty Ltd <James Fielding Family A/C>	11,692,834	6.50
Bp Peng Pty Ltd <BP Peng A/C>	11,250,000	6.25
Jdb Services Pty Ltd <RAC & JD Brice Invest A/C>	7,924,406	4.40
Seefeld Investments Pty Ltd <The Seefeld A/C>	6,908,223	3.84
Alex John Afflick	4,980,823	2.77
C J New Ventures Pty Ltd <Jeffery Family A/C>	4,168,657	2.32
Chimaera Capital Limited	3,250,000	1.81
Uniquest Pty Limited	2,929,896	1.63
Ben Buckler Investments Pty Ltd <Ben Buckler Investment A/C>	2,750,000	1.53
Mr David Edward Trimboli	2,690,370	1.50
Cjq Investments Pty Ltd <Cjq Disc A/C>	2,646,575	1.47
Mr Paul Henri Veron + Mrs Julie Anne Veron <Dead Knick S/F A/C>	2,000,000	1.11
Mr David John Myers + Mrs Amanda Myers	1,949,291	1.08
Hsbc Custody Nominees (Australia) Limited	1,759,561	0.98
Scott Sonnenblick	1,616,727	0.90
Mr Derek Branks Cowan	1,268,000	0.70
Fede Corporation Pty Ltd <Red Family A/C>	1,252,015	0.70
Bond Street Custodians Limited <Cpcpl - Tu0022 A/C>	1,250,000	0.69
Totals	**122,522,837**	**68.10**

Substantial holders

The names of substantial shareholders disclosed as substantial shareholders in the Group are:

	Ordinary shares	
	Number held	% of issued capital
Fortune Pioneer International Holdings Co Limited	28,000,000	19.54%
David Edward Trimboli & Related Parties	24,581,463	13.66%
Audeara Investments Pty Ltd	15,235,459	14.51%
Hsin-Chieh Peng & Related Parties	10,227,380	5.84%
James Fielding Family Pty Ltd <James Fielding Family A/C>	8,307,497	5.80%

Distribution of equity securities

	Ordinary Fully Paid Shares		
	Holders	Total Shares	% of Issued Capital
1 to 1,000	13	2,860	0.00%
1,001 to 5,000	61	254,217	0.14%
5,001 to 10,000	95	785,451	0.44%
10,001 to 100,000	277	11,592,003	6.44%
100,001 and over	149	167,299,852	92.98%
	595	**179,934,383**	**100.00%**
Holding less than a marketable parcel (2,664,563 shares @ $0.023 per share)	**267**		

Unquoted securities

The Group has the following unquoted securities on issue.

5,000,000 Unlisted Options Expiring 2 May 2027 @ $0.082 – 3 Holders

Holders with more than 20%

Holder Name	Holding	% Issued Capital
BP Peng Pty Ltd <BP Peng A/C>	1,750,000	35.00%
James Fielding Family Pty Ltd <James Fielding Family A/C>	1,750,000	35.00%
Seefeld Investments Pty Ltd <The Seefeld A/C>	1,500,000	30.00%

4,250,000 Unlisted Options Expiring 10 December 2026 @ $0.08 – 3 Holders

Holders with more than 20%

Holder Name	Holding	% Issued Capital
BP Peng Pty Ltd <BP Peng A/C>	1,500,000	35.29%
James Fielding Family Pty Ltd <James Fielding Family A/C>	1,500,000	35.29%
Seefeld Investments Pty Ltd <The Seefeld A/C>	1,250,000	29.41%

11,249,988 Unlisted Options Expiring 30 January 2027 @ $0.08 – 36 Holders

These options were issued as per the terms of a placement agreement as free attaching options at a ratio of 1 option for every 3 shares purchased in the placement and were subject to shareholder approval which was granted.

Holders with more than 20%

Holder Name	Holding	% IC
Fortune Pioneer International Holdings Co Limited	2,333,333	20.74%

The following unquoted securities were on issue at 30 July 2025 and were issued under the Company's employee incentive plan.

1,476,000 Unlisted Options Expiring 18 April 2027 @ $0.05 – 5 Holders

750,000 Unlisted Options Expiring 18 April 2027 @ $0.051– 1 Holder

725,000 Unlisted Options Expiring 18 April 2027 @ $0.071 – 4 Holders

4,100,000 Unlisted Options Expiring 20 February 2028 @ $0.08 – 8 Holders

Restricted Securities

There are no securities on issue which are subject to restriction.

On market buy back

There is currently no on-market buy back program.

Corporate Governance Statement

The Corporate Governance Statement is available from the Company's website at

https://audeara.com/pages/corporate-governance

ASX Listing Rule 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing of the Company's securities to quotation in a way consistent with its business objectives.

AUDEARA

audeara.com

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Audeara Limited
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