

September 2024 Quarterly Activities Report and Appendix 4C

Achievements during the reporting period were predominantly technical in nature, focused on advancing the Company's proven Digital Sound Reconstruction technologies into a mass-produced commercial product.

As was previously reported, the company received initial MEMS-GEN-II chips produced by both the vendors 6 and 8-inch fabs. While the chips were imperfect, they were sufficiently functional to allow the company to characterize and validate that the proprietary design elements incorporated into MEMS GEN-II design, produce the targeted sound pressure levels (SPL) set for our commercial product.

This achievement when coupled with the exceptional sound quality previously demonstrated, marks a significant milestone in the industry wide push to improve the sound fidelity for the over 20-billion-unit annual market in both single and multichip loudspeaker applications.

Following these successful achievements, the company's efforts have been focused on transforming the technology and organization from a company wholly devoted to research and development of our groundbreaking sound reconstruction platform, to a company driven by commercial objectives and opportunities. Tasks and objectives have been concentrated on refining the production processes toward the production of chips that will serve as customer engineering and pre-production samples, produced in a manner that seamlessly scales to mass production quantities of our commercial product.

Such effort entails among others, the close collaboration with our MEMS vendor to iterate and refine the fabrication processes used during development phases of MEMS-GEN-II, the redesign and fabrication of our embedded GEN-II high voltage mixed signal controller (HVD- GEN-II), and the incorporation of very specific enhancements introduced to the chip assembly and its package.

Management's efforts also include actions targeted at alleviating supply chain dependencies and risks, as well as expanding our intellectual property portfolio in a manner that provides the maximum protection possible for our industry altering technologies when packaged and distributed globally.

Management will provide updates to the market on these specific activities as the information becomes solidified.

There is no update from Earth Mountain (Suzhou) Microelectronics Ltd. (EM) in relation to its commitment to take 308,325 ordinary shares at \$14.000 per share (\$4,316,550) as part of the placement announced 24 August 2022. As of the date of this report, EM has yet to receive an official notice from the required China regulatory authorities to approve EM's foreign investment request to invest USD \$3M in the Company.

Payments to related parties

The amounts included in Item 6.1 of \$41,190 include directors' fees and superannuation paid to non-executive directors or entities associated with non-executive directors of \$36,043. Interest was paid in cash on the convertible note to 4F Investments Pty Limited (a company associated with Fred Bart) during the quarter amounting to \$5,147.

Unsecured loans

During the quarter ending 30 June 2024, 4F Investments Pty Limited (a company associated with the Chairman - Fred Bart) provided an additional \$645,000 in unsecured loans. This took the balance of the unsecured loan between 4F Investments Pty Limited and the Company to \$5,582,988. This unsecured loan facility attracts an interest rate of 12% (capitalised until repayment of the loan facility) and is repayable when the Company undertakes a capital raise.

Convertible Notes

On 5 September 2024 the Company announced it has issued an additional \$6,450,000 in Convertible Notes to sophisticated investors who are existing shareholders. The terms of the Convertible Note will include a maturity date of 31 December 2025, are unsecured, attract an interest rate of 12% per annum capitalised until the Notes are fully repaid or converted into shares. The Notes are convertible to ordinary shares at A\$9.04, or a lower price if the Company undertakes a placement of ordinary shares at any time prior to the expiry date. The Notes have conversion price floor of \$5.00.

As an incentive for participating in the Notes, the investors will receive 1,290,000 unlisted options (100,000 options per A\$500,000 invested) at a strike price of 20% higher than the conversion price of A\$9.04, namely A\$10.84. These unlisted options expire on 4 May 2027.

ASX Suspension

The Company's shares remain in suspension from trading on the ASX. Subsequent to the lodgment of the 30 June 2024 half year financial statements with no qualification around the going concern status, the Company has applied to the ASX to have the suspension lifted and is awaiting a response.

This announcement has been authorised for release to ASX by Fred Bart, Chairman.

31 October 2024

Appendix 4C

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

Name of entity

AUDIO PIXELS HOLDINGS LIMITED

ABN

98 094 384 273

Quarter ended ("current quarter")

30 SEPTEMBER 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(825)	(2,635)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(94)	(250)
(f) administration and corporate costs	(439)	(1,048)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	14
1.5 Interest and other costs of finance paid	(137)	(513)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	207	207
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1,274)	(4,225)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(13)	(110)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(13)	(110)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	6,450	6,450
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	645	2,613
3.6	Repayment of borrowings	-	(450)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of lease liabilities	(13)	(174)
3.10	Net cash from / (used in) financing activities	7,082	8,439

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	574	2,279
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,274)	(4,225)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(110)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,082	8,439
4.5	Effect of movement in exchange rates on cash held	27	13
4.6	Cash and cash equivalents at end of period	6,396	6,396

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,396	574
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,396	574

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	41
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

The amount included in Item 6.1. includes directors fees and superannuation paid to entities associated with the non-executive directors of \$36,043 and interest paid to 4F Investments Pty Ltd (a company controlled by Fred Bart) of \$5,147.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	5,583	5,583
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	5,583	5,583
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
This is an unsecured loan facility provided by 4F Investments Pty Ltd (a company controlled by Fred Bart). Interest is payable at 12%p.a. and will be repaid		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,274)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,396
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	6,396
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.02
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.