AUDIO PIXELS HOLDINGS LIMITED
ACN 094 384 273

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

AUDIO PIXELS HOLDINGS LIMITED

ACN 094 384 273

CORPORATE DIRECTORY

Directors

Fred Bart (Chairman)
Ian Dennis
Cheryl Bart AO

Company Secretary

Ian Dennis

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Web site

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Auditor

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Chartered Accountants
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Bankers

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Share Registry

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DIRECTORS' REPORT

The Directors of Audio Pixels Holdings Limited submit herewith the financial report of the company for the financial year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	**Particulars**
Fred Bart	Chairman and Chief Executive Officer. A director since 5 September 2000. He has been Chairman and Managing Director of numerous private companies since 1980, specialising in manufacturing, property and marketable securities. He is a member of the Audit Committee and a member of the Nomination and Remuneration Committee. He is Chairman of Noxopharm Limited and a director of Weebit Nano Limited.
Ian Dennis	Non-executive director and Company Secretary. Ian is a retired Chartered Accountant with experience as director and secretary in various public listed and unlisted technology companies. He has been involved in the investment banking industry and stockbroking industry for the past thirty years. Prior to that, Ian was with KPMG, Chartered Accountants in Sydney. Appointed to the Board on 5 September 2000. He is a Chairman of the Audit Committee and Nomination and Remuneration Committee.
Cheryl Bart AO	Non-executive director. Appointed to the Board on 26 November 2001. Cheryl Bart is a lawyer and company director. She is Chairman of Tilt Renewables Limited and Ted X Sydney. Cheryl is a non-executive director of SG Fleet Australia Limited and the Moriah College Foundation. She is a fellow of the Australian Institute of Company Directors, Patron of SportsConnect and a member of Chief Executive Women. She is a member of the Audit Committee and a member of the Nominations and Remuneration Committee.

DIRECTORS' REPORT (CONTINUED)

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Fred Bart	Electro Optic Systems Holdings Limited	May 2000 to 27 July 2021
	Weebit Nano Limited	Since March 2018
	Noxopharm Limited	Since 8 May 2020
Ian Dennis	Electro Optic Systems Holdings Limited	May 2000 to 28 May 2021
Cheryl Bart	SG Fleet Australia Limited	Since February 2014

Principal activities

The principal activity of the Company is an investment in Audio Pixels Limited of Israel. Audio Pixels Limited is engaged in the development of digital speakers.

Results

The net loss for the financial year ended to 31 December 2022 was $2,435,719 (31 December 2021 – $3,309,869).

Dividends

The directors recommend that no dividend be paid and no amount has been paid or declared by way of dividend since the end of the previous financial year and up to the date of this report.

Review of operations

Achievements during the reporting period were technical in nature, focused on advancing the Company's proven Digital Sound Reconstruction technologies into a mass-production product. As has been extensively reported, the company has achieved all known and emerging technical challenges involving the design, fabrication and function – delivering on the promise of Digital Sound Reconstruction (DSR) in the world's smallest full range loudspeaker chip. We have proven the technologies' ability to reproduce the full audible range of frequencies from 20Hz to 20KHz (and beyond) with a near flat frequency response; all in a surface mount industry compliant silicon chip.

As noted in previous updates, the company's primary objectives for CY-22 were to complete the transition of its the technology from its prototyping / development platforms into a reliable mass-produced product that meets or exceeds market driven specifications. The principal activities associated with this objective:

1. Production of MEMS-GEN-II (the commercial version of our MEMS chip).
2. Advancing our engineering and demonstration and customer facing electronics and software from development environments to independently operated electronics and software.

Review of Operations (cont)

As had been extensively reported to investors in previous updates, the complexity of MEMS demands an iterative development approach that models, evaluates, improves and aligns designs to fabrication capabilities based on actual test and measurement results. Some past reported examples of this iterative process included issues pertaining to charge dissipation, stiction, misalignment, sacrificial material release, process residues, wafer handling, and others. The objective of this massive undertaking was to establish a reliable, repeatable and stable fabrication process that will not only produce devices to spec, but to establish clear and precisely defined boundaries of realistic manufacturing capabilities ("process window") that dictate the device design ("design rules").

In the world of micro-electro-mechanical-systems (MEMS), especially in our case where we have pushed the physical and electromechanical boundaries, even the smallest of variances measured in nanometers can influence the devices' performance. Therefore, the engineering axiom dictates the necessity to solidify the devices' manufacturing process in order to obtain accurate assessment, simulation, and alignment of the design to the attainable process capabilities.

Throughout development of the manufacturing process, we purposefully withheld from the chip design, certain structural features that provide a significant boost to the sound pressure levels (SPL or "loudness") of the chip. There are a number of reasons for concealing this "secret sauce" extending beyond IP preservation and the maturing of our multiphysics simulation models. The most significant reason that these features were withheld from prior designs is they have a direct dependency on the manufacturing capabilities and tolerances and therefore these modifications must strictly adhere to, and remain within, the tightly defined process window. (Other design elements that provide an even greater increase to the SPL but that require more radical changes to the fabrication process are being reserved for future generations of products).

During EarthMountain's (EM) visit in September 2022 we mutually concluded that the defined objectives for MEMS GEN-I were achieved, and that sufficient knowledge, experience and investment were made by EM to ensure success production and packaging of MEMS GEN-II to spec. Consequently, the company has paid a prepayment of A$586K and issued a purchase order for 10's of thousands of fully packaged MEMS GEN-II pre-production chips that will be fully tested for compliance to spec prior to shipment.

Also included in the production version of the chip is a refinement to the electromechanical characteristics of the structure that permit us to apply a software-only solution able to contend with adverse acoustic effects resulting from reasonable inconsistencies in the manufacturing process.

DIRECTORS' REPORT (CONTINUED)

Review of Operations (cont)

During our extensive work with GEN-I chips we discovered that during music play an audible high frequency component (for lack of better word "noise") was produced when reconstructing certain frequencies. The root cause of this phenomena was traced to inconsistencies / lack of uniformity in fabrication. Specifically, the theories of Digital Sound Reconstruction dictate that when superimposing the time-delayed sound pulses generated by our "pixels", variances in the anticipated pulse magnitude caused by inconsistencies in manufacturing, can manifest into the improper reconstruction of sound and in certain cases produce an unwanted audible sound.

Industry methodologies involved in mass producing semiconductors indicate that overtime such variances can be drastically reduced if not eliminated, nonetheless the company decided to explore other possible means of negating this problem. The innovation ultimately conceived involves expanding the electromechanical characteristics of the devices, that when combined with a proprietary software-only approach provide the capability of rendering any such noise inaudible. This solution which has been tried and tested on our prototyping platforms (MEMS GEN I) has proven to offer the sought improvements to the clarity of sound even though it cannot be fully utilized without the electromechanical changes incorporated in the mass-production version of the chip.

It is of critical importance to note that all modifications introduced in the mass-production version of the chip (MEMS-GEN-II) are not even visible to the naked eye, or more significantly GEN-II are fully compatible with all fabrication, packaging, testing procedures, functional software, algorithms, hardware and electronics that were developed, tried and tested on the prototyping platform (MEMS-GEN-I).

Ultimately these factors as well as delays receiving chips and other critical components, led management to conclude that the company strategic objectives would be far better served delaying public demonstration of the technology a bit longer, in order to allow demonstrations of the production version of the chip; as undeniably the impact of a full range and flat frequency response when demonstrated at optimal sound pressure levels, will far better represent the game changing technology we have been laboring to bring to market.

It is important to note that at the time this decision was made and announced, it was anticipated that initial receipt of MEMS-GEN-II chips would be in mid to late Q4-22. What was unknown at that time was the impact of the Chinese Government's attempts to curtail the spread and adverse effects of the COVID pandemic. Ever changing policies were extended from week to week, effectively leaving a wide range of industries worldwide without insight or ability to plan and inform. The consequence for the company was that not only had advancement of GEN-II stalled for over 4 months, but EM's ability to even supply GEN-I chips had dramatically diminished.

During the extended lockdown period in China the company remained focused on advancing all aspects of technology it could. As indicated, considerable effort and progress was achieved developing advanced measurement and characterization capabilities which in turn fueled significant advancements of our multiphysics simulation capabilities.

Review of Operations (cont)

Additionally major effort and progress was concentrated on the development and migration of our functional software and algorithms as well as the design, fabrication and testing of our electronics demonstration and reference design systems.

In early January 2023, Earth Mountain was able to partially resume operations and returned to full operations upon the conclusion of the Chinese New Year's holiday on 2 February 2023.

Given this as well as the rather massive investment EarthMountain has made over the period in their facilities, tools, fabrication and test capabilities, equipment and personnel, Earth Mountain remains convinced that that they will be able to commence mass production sometime in the third quarter of this year.

For the sake of clarity and compliance with ASX disclosure requirements, the Company's upcoming critical milestone is focused on the demonstration of the commercialised version of the technology.

- Earth Mountain's is forecasting that it will be able to begin delivery of MEMS GEN II sometime in May 2023.
- Upon arrival, the chips will undergo characterization to ensure compliance with our specification. This is required not only for usage in demonstration systems, but to also enable Earth Mountain to calibrate mass production processes.
- Upon confirming compliance (within reason) the chips will be incorporated into existing GEN -I demonstration systems.

Management will further update the market a) upon receipt of the chips, b) upon reaching reasonable conclusions resulting from the characterisation activities

Placement to EarthMountain

Earth Mountain (Suzhou) Microelectronics Ltd. (EM) committed in writing to take 308,325 ordinary shares ($4,316,550) at $14.00 per share in the placement announced on 24 August 2022 subject to receiving approvals from Ministry of Commerce, National Development and Reform Commission and the State Administration of Foreign Exchange to settle their commitment. As at the date of this report and as advised by Earth Mountain in writing on 25 March 2023, EarthMountain had yet to receive the necessary approvals from the Jiangsu Province Branch of the Ministry of Commerce, National Development and Reform Commission and the State Administration of Foreign Exchange in China to settle their commitment. While the approval is not believed to be in jeopardy, given that there is little informative visibility into this bureaucratic process, it is impossible to predict an accurate settlement date. The Company will update the market as soon as new information is available and in any case by 30 April 2023.

Review of Operations (cont)

Unsecured Loan

The total unsecured loan outstanding at 31 December 2022 from 4F Investments Pty Limited (a company associated with the Chairman Fred Bart) was $3.285m. The outstanding unsecured loan attracts an interest rate of 6% per annum and is repayable on receipt of the Earth Mountain placement proceeds.

As part of the placement announced to the market on 24 August 2022 of $10m at $14.00 per share, 4F Investments Pty Limited agreed to subscribe for 165,358 ordinary shares at $14.00 per share as part of this placement at a cost of $2,315,012, subject to shareholder approval. 4F Investments Pty Limited has agreed that that it would offset $2,315,012 against its unsecured loan of $3,285,000, subject to shareholder approval, and the balance of $969,988 would be repaid in cash once the placement funds from Earth Mountain are received.

4F Investments Pty Limited will continue to receive interest on the unsecured loan until shareholder approval is received. In respect of the balance of the unsecured loan of $969,988, after shareholder approval, 4F Investments Pty Limited will continue to receive interest until repayment.

Shareholder approval for the conversion of part of the unsecured loans of $2,315,012 into 165,358 ordinary shares will be sought at the Annual General Meeting to be held on Tuesday 30 May 2023 at 1.30 pm at the Fullerton Hotel in Sydney.

Since the end of the financial year, 4F Investments Pty Limited, a company associated with the Chairman, Mr Fred Bart, has agreed to provide an additional unsecured funding facility of up to $1,500,000 on 28 March 2023 at an interest rate of 12% per annum, repayable on completion of the next capital raising. 4F Investments Pty Limited advanced $150,000 on 27 February 2023, $100,000 on 16 March 2023 and $500,000 on 28 March 2023 amounting to $750,000.

This new facility of $1,500,000 is in addition to the existing unsecured loan of $3,285,000 which was originally at 6% interest. However, as a result of the extended delays in receiving the Earth Mountain placement proceeds of US$3m, the interest rate has been increased to 12% per annum from 1 March 2023 as part of the agreement to provide the new loan facility. This interest rate is better than other offers of unsecured loans and convertible notes received from other unrelated parties.

Review of Operations (cont)

Unsecured Loan (cont)

As an incentive to the provision of this additional facility of $1,500,000 and the continuation of the existing unsecured loans of $3,285,000 (whilst waiting for the Earth Mountain placement proceeds of US$3m to settle $969,988 in cash and the Annual General Meeting to request shareholder approval for a placement of 165,358 shares to 4F Investments Pty Limited which would net settle $2,315,012 of the facility), the Company has agreed to provide an incentive of 500,000 unlisted options in the company to 4F Investments Pty Limited The exercise price of these options is the 5-day VWAP when the first $150,000 was advanced on 27 February 2023 which equates to an exercise price of $7.59 for a term of 3 years. These options would be provided, subject to shareholder approval at the next Annual General Meeting to be held on Tuesday 30 May 2023 at 1.30 pm. These options would be issued and vest immediately after shareholder approval was received as they only relate to the loan facility and are not employment related.

Further information concerning the operations and financial condition of the entity can be found in the financial report and in releases made to the Australian Stock Exchange (ASX) during the year.

Changes in state of affairs

There was no significant change in the state of affairs of the company or the consolidated entity other than that referred to in the financial statements or notes thereto.

Significant events after balance date

Since the end of the financial year, 4F Investments Pty Limited, a company associated with the Chairman, Mr Fred Bart, has agreed to provide an additional unsecured funding facility of up to $1,500,000 on 28 March 2023 at an interest rate of 12% per annum, repayable on completion of the next capital raising. 4F Investments Pty Limited advanced $150,000 on 27 February 2023, $100,000 on 16 March 2023 and $500,000 on 28 March 2023 amounting to $750,000.

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DIRECTORS' REPORT (CONTINUED)

Review of Operations (cont)

Significant events after balance date (cont)

As an incentive to the provision of this additional facility of $1,500,000 and the continuation of the existing unsecured loans of $3,285,000 (whilst waiting for the Earth Mountain placement proceeds of US$3m to settle $969,988 in cash and the Annual General Meeting to request shareholder approval for a placement of 165,358 shares to 4F Investments Pty Limited which would net settle $2,315,012 of the facility), the Company has agreed to provide an incentive of 500,000 unlisted options in the company to 4F Investments Pty Limited The exercise price of these options is the 5-day VWAP when the first $150,000 was advanced on 27 February 2023 which equates to an exercise price of $7.59 for a term of 3 years. These options would be provided, subject to shareholder approval at the next Annual General Meeting to be held on Tuesday 30 May 2023. These options would be issued and vest immediately after shareholder approval was received as they only relate to the loan facility and are not employment related.

There has not been any other matters or circumstance that has arisen since the end of the financial year which is not otherwise dealt with in this report or in the financial statements, that has significantly affected or may significantly affect the operations of the company or the consolidated entity, the results of those operations or the state of affairs of the company or the consolidated entity in subsequent financial years.

Future developments

The consolidated entity will continue to focus on the development of its digital speaker technology.

Environmental regulations

In the opinion of the directors the company and the consolidated entity is in compliance with all applicable environmental legislation and regulations. The Directors gave considered the environmental, social and governance (ESG) aspects of the operations of the consolidated entity and do not believe that the consolidated entity is exposed to any material climate-related or other emerging risks.

DIRECTORS' REPORT (CONTINUED)

Indemnification and Insurance of Officers and Auditors

The Company has agreed to indemnify the current Directors, Company Secretary and Executive Officers against all liabilities to other persons that may arise from their position as Directors or Officers of the Company and its controlled entities, except where to do so would be prohibited by law. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not, during or since the financial year indemnified or agreed to indemnify an auditor of the company or of any related body corporate against any liability incurred as such an auditor.

Directors' interests and benefits

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Stock Exchange in accordance with Section 205G(1) of the Corporations Act as at the date of this report are:

Name	Ordinary Shares
Fred Bart	5,819,122
Ian Dennis	320,167
Cheryl Bart	1,282,777

Remuneration report (audited)

Since the end of the previous financial year no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors as shown in the financial statements) because of a contract made by the Company or related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest. There are no employment contracts for any of the directors.

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company. The Directors are responsible for remuneration policies and packages applicable to the Board members of the Company. The entire Board makes up the Nomination and Remuneration Committee. The Board remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities.

There are currently no performance-based incentives to directors or executives based on the performance of the Company. There are standard employment contracts for the executives of Audio Pixels Limited including at will employment and a notice period of three months for termination.

The key management personnel of Audio Pixels Holdings Limited during the year were:

Fred Bart – Chairman and Chief Executive Officer
Cheryl Bart – Non executive director
Ian Dennis – Non executive director and company secretary
Danny Lewin – CEO and director of Audio Pixels Limited
Yuval Cohen – Chief Technical Officer of Audio Pixels Holdings Limited

The Directors fees are not dependent on the earnings of the Company and the consequences of the Company's performance on shareholder wealth. On 24 September 2010, the maximum total director's fees were increased to a total of $250,000 per annum in line with the increased activities of the company. The actual director's fees paid were within the approved limit of $250,000 per annum approved by shareholders at the Annual General Meeting held on 24 September 2010.

Remuneration report (cont)

The table below sets out summary information about the Company's earnings and movements in shareholder wealth for the last 5 financial years.

	Year ended 31 December 2022 $	Year ended 31 December 2021 $	Year ended 31 December 2020 $	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Revenue	482,841	108,691	191,434	272,520	86,961
Net (loss) before tax	(2,435,719)	(3,309,869)	(12,102,367)	(6,231,930)	(4,519,721)
Net (loss) after tax	(2,435,719)	(3,309,869)	(12,102,367)	(6,231,930)	(4,519,721)

	Year ended 31 December 2022 $	Year ended 31 December 2021 $	Year ended 31 December 2020 $	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Share price at start of year/period	22.50	$24.05	15.35	20.22	16.82
Share price at end of year/period	10.00	22.50	24.05	15.35	20.22
Dividend Paid	0.00	0.00	0.00	0.00	0.00

The following table sets out each key management personnel's equity holdings (represented by holdings of fully paid ordinary shares in Audio Pixels Holdings Limited).

	Balance at 1/1/22	**Granted as remuneration**	**Received on exercise of options**	**Sales**	**Balance at 31/12/22**
	No.	**No.**	**No.**	**No.**	**No.**
Mr Fred Bart*	5,819,122	-	-	-	5,819,122
Mrs Cheryl Bart*	1,282,777	-	-	-	1,282,777
Mr Ian Dennis	320,167	-	-	-	320,167
Mr Danny Lewin	1,438,619	-	-	-	1,438,619
Mr Yuval Cohen	1,400,636	-	-	(2,760)	1,397,876

Remuneration report (cont)

* Included in the above shareholdings in respect to both Fred Bart and Cheryl Bart are 782,777 (2021: 782,777) shares in Audio Pixels Holdings Limited held by the Bart Superannuation Fund, in respect to which each has a relevant interest.

Transactions with related entities

All transactions with KMP and their related parties are made on terms equivalent for those that prevail in arm's length transactions.

During the year ended 31 December 2022, the Company paid a total of $109,331 (year ended 31 December 2021 - $108,104) to 4F Investments Pty Limited, a company associated with Mr Fred Bart in respect of directors' fees and superannuation for Mr Fred Bart and Mrs Cheryl Bart.

During the year ended 31 December 2022, the Company paid a total of $41,344 (year ended 31 December 2021 - $41,156) to Dennis Corporate Services Pty Limited, a company associated with Mr Ian Dennis in respect of directors' fees and superannuation.

During the year, the Company paid $30,000 (31 December 2021 – $30,000) to Dennis Corporate Services Pty Limited, a company associated with Mr Ian Dennis in respect of consulting fees for company secretarial and accounting services.

During the year, the company entered into unsecured loan facilities with 4F Investments Pty Limited, a company associated with Mr Fred Bart, totalling $3,285,000 at an interest rate of 6%. The loan facility was fully drawn to $3,285,000 at 31 December 2022. The loan is repayable in two components as follows:

- Subject to shareholder approval, 4F Investments Pty Limited (a company associated with Fred Bart) has agreed to subscribe to 165,358 ordinary shares at $14.00 per share amounting to $2,315,012 as part of the placement announced to the market on 24 August 2022.
- The balance of the loan of $969,988 is due for repayment on receipt of the placement monies of A$4,316,550 (US$3m) from Earth Mountain.

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Remuneration report (cont)

During the year, the company paid $113,782 (31 December 2021 – $9,136) on the unsecured loan to 4F Investments Pty Limited. Interest has been accrued in the financial statements at 31 December 2022 of $32,940 (31 December 2021 - $9,136) has been accrued in the financial statements.

The lease in respect of office premises at Suite 3, Level 12, 75 Elizabeth Street Sydney expired on 30 March 2022. The Company has not renewed the lease and continues to occupy the premises on a month to month basis. The Company recharged rent and other tenancy charges of $42,871 (year ended 31 December 2021 - $40,488) to 4F Investments Pty Limited, a company controlled by Fred Bart.

The following table sets out the remuneration of each key management personnel of the Company:

	Short Term		Long term employee benefits			Total
December 2022	**Directors' fees/Salary $**	**Non-monetary $**	**Super annuation $**	**Social Security $**	**Long service leave**	**$**
Fred Bart	61,000	-	6,987	-	-	67,987
Cheryl Bart	37,500	-	3,844	-	-	41,344
Ian Dennis	67,500*	-	3,844	-	-	71,344
Danny Lewin	181,029	44,130	-	65,414	-	290,573
Yuval Cohen	241,084	30,153	23,959	-	13,915	309,111
	588,113	74,283	38,634	65,414	13,915	780,359
December 2021						
Fred Bart	61,000	-	5,948	-	-	66,948
Cheryl Bart	37,500	-	3,656	-	-	41,156
Ian Dennis	67,500*	-	3,656	-	-	71,156
Danny Lewin	177,226	43,467	-	63,550	-	284,243
Yuval Cohen	220,008	16,923	18,996	-	-	255,927
	563,234	60,390	32,256	63,550	-	719,430

* The amounts disclosed for Ian Dennis include director's fees of $37,500 and consulting fees of $30,000.

Other non-monetary benefits include annual leave and long service leave provision increases during the year.

Audit Committee

The Audit Committee was formally constituted on 29 August 2014 with all three directors appointed to the Audit Committee. Ian Dennis was appointed chair of the Audit Committee.

Directors' meetings

During the year the Company held three meetings of directors, two meetings of the Audit Committee and no meetings of the Nomination and Remuneration Committee. The attendances of the directors at meetings of the Board were:

	Board of directors		Audit committee		Nomination and Remuneration committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Fred Bart	3	3	2	2	1	1
Mrs Cheryl Bart	3	3	2	2	1	1
Mr Ian Dennis	3	3	2	2	1	1

All current board members are on the Audit Committee and the Nomination and Remuneration Committee.

Ethical Labour

The consolidated entity has established measures regarding fair labour practices and guidelines that create a respectful and safe work environment for our employees globally. We are committed to treat all of our employees with respect and we strictly prohibit the use of slavery, forced labour and human trafficking. To prevent the occurrence of forced, compulsory or child labour, we have implemented local labour policies and practices to comply with the Modern Slavery Act.
Any person who applies for employment at AKP does so on a voluntary basis and all employees are legally entitled to leave upon reasonable notice without penalty.
In accordance with AKP's global recruiting guidelines, offers of employment must be conditional upon completion of required background checks. Background checks are required to protect the safety of employees and to ensure that employees meet the standards of AKP.

Diversity

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. The Company's diversity policy ("Diversity Policy") was updated on 31 December 2021 and outlines its diversity policy in relation to gender, age, cultural background, ethnicity, employment of veterans and other factors to leverage the wides pool of available talent. A copy of the Company's Diversity Policy is available on the Company's web site.

Material Business Risks

Since its founding management has openly and frequently delineated its assessment of the ongoing and emerging risks, challenges and concerns that might influence the company success and opportunities. In fact, as a truly pioneering company engaged in transforming century old technological conventions; continual analysis of risks and failures have been baked into the company's DNA as the guiding principle of operation.

1. Technological Viability

AKP is engaged in revolutionizing an incumbent technology that has been an important and prevalent technological staple, used extensively by mankind, since its advent by Alexander Graham Bell roughly 150 years ago. The industry at large has unsuccessfully spent many, many billions of dollars over decades searching for ways to advance sound reproduction to the modern era. AKP's radical approach is the best chance the industry has to succeed in its ambition to evolve sound reproduction into the digital era, for example in the same manner that the LCD has completely replaced the CRT and digital memory has replaced magnetic media for data storage.

However, this effort requires the expansion and advent of many technological disciplines, some of which were either unknown or not fully understood. Achieving sufficient understanding as to the intersection of varying physical regimes prevalent in micro-mechanical structures was impossible before structures of this scale could be physically fabricated and characterized. This achievement alone required very deep understanding of the capabilities and limitations of available microfabrication tools and techniques.

AKP has and continues to be engaged in a truly massive and comprehensive research and development effort to bring our technology to fruition. As such and until completion of the technology, its products, production methods, fulfillment of the technological vision and mission will by its very nature maintain certain levels of technological uncertainties and risks. Throughout and to the best of reason, management has tried to share its assessment at common sense intervals of the remaining risks, challenges and concerns, based on technical progress actualities, competitive concerns, and in consideration of confidentiality and intellectual property considerations.

2. FINANCE AND CAPITAL

The company requires additional capital to execute and support its plans. The company's ability to secure capital in a timely manner depends among other factors on its development status, investor interest, as well as the financial state of capital markets.

Material Business Risks (cont)

FINANCE AND CAPITAL (CONT)

The Directors have determined that the best result for a capital raise at this stage of the company, is obtainable after the company has the ability to properly demonstrate its technologies to potential investors. In the interim the Company has been funding its operations utilizing unsecured loans from related parties. The directors continue to monitor in real time the status of achieving the demonstration milestone and may choose to take further unsecured loans and /or convertible notes if the capital raise is further delayed.

3. INTELLECTUAL PROPERTY

As a pioneer, the company has managed to amass an impressive technology portfolio covering over 200 patents (and counting) in over a dozen patent families. Nonetheless financial and human constraints limit our ability to:

a. Legally protect every aspect of the technology.
b. Limit the jurisdictions in which we are able file and maintain patent protection

The company is extremely diligent ensuring that all developments are originated within the company using licensed and authorized tools. However, the very nature of multidisciplinary development entangling a multitude of technologies and tools might expose the company to claims of IP infringement by various third parties.

Since its founding the company has used Israel's leading IP firm to advise and guide our IP strategies. To the best of its ability and available resources the company has developed methods, procedures and strategies to ensure originality and or legal license as well as to protect its IP worldwide. The company also put in place routine procedures to investigate and react if needed to possible infringement or unauthorized replication of its technologies.

Furthermore, our IP portfolio includes considerable knowhow. Inherent to the model of a fabless company is the necessity to sharing of such knowhow with third party partners, vendors and service providers. Given our limited ability to control or monitor third parties Management maintains reasonable caution when divulging certain critical aspects and knowhow of our technology. The sharing of critical information when required is done in a manner that tries to minimize the risk of IP leakage, which at time can come at the expense of elongating timelines.

Material Business Risks (cont)

4. Development Timeline / Time To Market

There are a number of factors that have, and will continue, to influence the pace of progress (beyond the technological uncertainties associate with research and development as stated above), namely:

- Fabrication – MEMS fabrication differs greatly when compared to fabrication of "traditional" integrated circuitry, despite the fact that they many of the same tools, techniques and facilities are used; mainly in that there are no rigid design rules and highly standardized batch processing techniques in MEMS. By its very nature MEMS designs vary in their electro-mechanical and operational requirements, requiring fabrication processes flow to be tailored to the specific materials, dimensions, tolerances, etc. This "one design-one process", necessitates an iterative, trial-and-error approach, whereby designs are fabricated, results are characterized, and then either the fabrication process flow, and or the design or both are modified, refined, or optimized accordingly in order to achieve the desired end results – often a cycle that needs to be repeated a number of times.

  Historically converting the company's MEMS into silicon has taken between 10 and 14 months for each major integration cycle. Such timelines are more or less confirmative with the cycle times throughout the fabless MEMS sector, even though AKP's designs require extending the electromechanical specifications beyond the conventional norms of associated with MEMS fabrication. The Company originally started its development works with Sony Semiconductor as its primary MEMS fabricator, and after evaluation of a number of additional Fabs ultimately shifted priority to Tower Semiconductor in attempt to reduce production cycle timelines. More recently, the company established a relationship with Earth Mountain a Chinese based entity having highly advanced facilities and expansive resources. After extensive evaluation EarthMountain was deemed capable of delivering faster turnaround with superior results, a collaboration that has recently borne the success that management was hoping to achieve. This collaboration was memorialized in Dec 2021 in a comprehensive manufacturing agreement which is subject to confidentiality clauses, however as has been reported the agreement includes substantial production capacity, which comes at a time that the industry at large is struggling to overcome capacity shortages.

Material Business Risks (cont)

4. **DEVELOPMENT TIMELINE/ TIME TO MARKET (CONT)**

- Fab Prioritization - The business models of silicon foundries are rooted in volume production and therefore the Fabs tend to avoid conducting any kind of development work especially for innovative and nonconforming fabless companies such as AKP. It is understood that even when a fab undertakes development work, such endeavors must play "second fiddle" to production customers, influencing timelines (always for the worse). Exacerbating the situation are the unprecedented global shortages of semiconductor capacity experienced worldwide, instigated by among other reasons, the worlds response to the COVID-19 pandemic. These unprecedented shortages have impacted virtually every industry in particular those that heavily rely on semiconductors such as the automotive and consumer electronic industries, forcing companies such as Apple and Ford, to delay, suspend, or even shutdown various aspects of their production. A popular countermeasure by some industry conglomerates to stockpile inventory and "acquire" long term capacity, has put even further strain on smaller companies, such as AKP.

  Unfortunately, Silicon production cannot be turned on or off with the flick of a switch; any change to production lines can take months; while adding additional capacity can take years and hundreds if not many billions of dollars. Absent of the company owning its own silicon foundry, the reality is that it must endure disruption and unpredictability within its supply chain.

5. **GLOBAL PANDEMIC**

The past three years has seen the world contend with the COVID-19 global pandemic, impacting mankind's health, and imposing severe restrictions and limitations on work, travel and our lives in general. More recently China, a major supplier of the global electronic supply chain, has implement its most severe restrictions since 2020 trying to contain the spread of the pandemic, which adversely impacted even further the global supply chain. The pandemic's impact on AKP, in particular to conduct important face-to-face meetings, hands on exchanges, inspection, and onsite support to our vendors and partners and potential customers, as well as our timelines and ability to demonstrate the technology, have been rather significantly impacted and delayed due to various restrictions and the lack of timely provision of critical parts and services. The recent COVID lockdowns in China have caused significant delays in the production and packaging of the MEMS GEN II pre-production chips.

Material Business Risks (cont)

6. RELIANCE ON THIRD PARTIES FOR SUPPLY AND PRODUCTION

By its very nature a fabless company such as ours is wholly dependent on the production and assembly services that are provided by third party suppliers. Management works very closely with its providers, most recently with Earth Mountain and its ASIC foundry as well as a number of other related vendors, to ensure continuity of production and packaging requirements, however, any disruption to their business, for any reason, may materially impact AKP.

7. KEY PERSONNEL AND COMPETITION FOR HUMAN RESOURCES AS WE MANAGE GROWTH

As we near our commercialization objectives we anticipate considerable attention and demand for our revolutionary products technologies. To support this transition and growth, additional resources will be required to be added to the company. Traditionally the technology sector, in Israel in particular, experience unprecedented shortages of human capital when segments of the industry experience unprecedented growth, or when capital becomes capital readily available, or during expansion cycles by multinational companies in Israel. This reality not only makes recruiting talent extremely competitive but induces the "poaching" of our exceptionally talented staff. Management continues to work on ways to enhance our employee incentive programs to better attract, recruit, and retain the talent needed to execute our plans.

8. CYBER SECURITY

Like every company in the world AKP's systems, data, and networks are subject and vulnerable to malicious attacks, including computer viruses, spyware, ransomware, and hosts of other emerging security concerns. The company has spent and continues to spend considerable resources to prevent unauthorized accesses, data loss, and cyber malicious attacks, using the best of breed cyber security systems. As a company poised to disrupt a multibillion-dollar industry management must also assume that the company is, or it will become a heightened target for IP theft and disruption is therefore applying every reasonable means possible to protect its intellectual property.

DIRECTORS' REPORT (CONTINUED)

Material Business Risks (cont)

9. CURRENCY FLUCTUATION

As an Australian company our finances and financials are rooted in the Australian dollar, however the overwhelming portion of expenditures and cashflow requirements are conducted in Israeli and US currencies. Any fluctuation in any of these currencies may have adverse effects on the company's capital requirements.

10. GOODS AND SERVICES COSTS

Global shortages throughout the semiconductors have spurred a meaningful increase in the costs of obtaining parts. Scarce components and services not only saw a dramatic and continual increase in pricing, but also demand for larger and longer-term commitments in order to secure product and services.

11. TAXATION

As an Australian resident company dealing in several foreign jurisdictions, we need to continually assess the taxation position of the whole group and keep abreast of any changes in legislation which may have affect future income.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 4 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services disclosed in Note 4 to the financial statements do not compromise the external auditors' independence for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 23.

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

I A Dennis
Director

Dated at Sydney this 31 day of March 2023

Deloitte Touche Tohmatsu
ABN 74 490 121 060
8 Brindabella Circuit
Brindabella Business Park
Canberra Airport
Canberra, ACT, 2609
Australia

Tel: +61 2 6263 7000
Fax: +61 2 6263 7004

31 March 2023

The Board of Directors
Audio Pixels Holdings Limited
Level 12
75 Elizabeth Street
Sydney NSW 2000

Dear Board of Directors

Auditor's Independence Declaration to Audio Pixels Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Audio Pixels Holdings Limited.

As lead audit partner for the audit of the financial report of Audio Pixels Holdings Limited for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sophie England.

Sophie England
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Report to the members of Audio Pixels Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Audio Pixels Holdings Limited (the "Company") and its subsidiaries (the "Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- 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 Consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Consolidated Entity'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 for 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 matter described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Recoverability of goodwill and intangible assets As at 31 December 2022, the carrying amount of goodwill totaled $2,371,014 and the intangible asset, $151,818 as disclosed in Notes 8 and 9. The goodwill and intangible asset are subject to impairment testing annually and whenever an impairment indicator is identified. The determination of the recoverable amount is subject to management judgement including: • Likelihood and timing of the successful commercialisation of the digital speaker technology; • Expected future revenue growth in the speaker chip market; • Cash flow forecasts; and • Discount rates applied.	Our procedures included, but were not limited to: • Assessing the status of the technology development based on discussions with management; • Challenging the underlying assumptions reflected in management's cash flow forecasts. This included agreeing assumptions to underlying documentation, sensitising key judgemental inputs and assessing the reasonableness of forecast cash flows; • Assessing the historical accuracy of forecast cash outflows; and • Engaging with our valuation experts to assess the appropriateness of management's processes in the development of the cash flow model as well as testing the mathematically accuracy and the reasonableness of assumptions used. We also assessed the adequacy of the disclosures in Notes 8 and 9 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Corporate Directory, Review of Operations, Director's Report and ASX Additional Information which we obtained prior to the date of this auditor's report, and also includes information which will be included in the Consolidated entity's annual report (but does not include the financial report and our auditor's report thereon, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Deloitte.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity 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 Consolidated Entity 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 14 of the Directors' Report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Audio Pixels Holdings Limited, for the year ended 31 December 2022, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sophie England.

Sophie England
Partner
Chartered Accountants
Canberra, 31 March 2023

AUDIO PIXELS HOLDINGS LIMITED
ACN 094 384 273

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the company and the consolidated entity;

(c) the directors have been given the declarations required by s.295A of the Corporations Act 2001; and

(d) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.

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

On behalf of the Directors

I A Dennis
Director

Dated at Sydney this 31 day of March 2023.

AUDIO PIXELS HOLDINGS LIMITED
ACN 094 384 273

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Consolidated Year ended 31 December 2022	Consolidated Year ended 31 December 2021
		$	**$**
Revenue	2	482,841	108,691
Administrative expenses		(1,471,462)	(1,438,864)
Amortisation		(84,267)	(78,860)
Depreciation		(376,988)	(422,554)
Directors fees and superannuation		(150,675)	(149,260)
Foreign exchange (losses)/ gains	1(u)	3,094,655	2,378,191
Interest expense		(190,491)	(22,202)
(Loss)/ Profit on sale of property, plant and equipment		(1,006)	689
Marketing		(1,650)	(416)
Research and development expenses		(3,736,676)	(3,685,284)
(Loss) before income tax	2	(2,435,719)	(3,309,869)
Income tax benefit	3	-	-
(Loss) for the year		(2,435,719)	(3,309,869)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit and loss			
Exchange differences arising on translation of foreign operations	18	(2,985,696)	(2,390,147)
Other comprehensive income/(loss) for the year, net of tax		(2,985,696)	(2,390,147)
Total comprehensive (loss) for the year		(5,421,415)	(5,700,016)

Notes to the financial statements are included on pages 34 to 86.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Consolidated Year ended 31 December 2022 $	Consolidated Year ended 31 December 2021 $
(Loss) attributable to:			
Owners of the company		(2,435,719)	(3,309,869)
Total comprehensive (loss) attributable to:			
Owners of the company		(5,421,415)	(5,700,016)
Earnings per share			
Basic and diluted (cents per share)	22	(8.46)	(11.53)

Notes to the financial statements are included on pages 34 to 86.

AUDIO PIXELS HOLDINGS LIMITED
ACN 094 384 273

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	Consolidated December 2022 $	Consolidated December 2021 $
CURRENT ASSETS			
Cash and cash equivalents	5	1,339,961	748,373
Trade and other receivables	6	260,374	56,431
Prepayment	7	586,854	-
TOTAL CURRENT ASSETS		2,187,189	804,804
NON-CURRENT ASSETS			
Goodwill	8	2,371,014	2,289,128
Intangible asset	9	151,818	224,487
Right of use asset	10	103,162	327,517
Property, plant and equipment	11	490,940	476,746
Trade and other receivables	6	9,180	9,080
TOTAL NON-CURRENT ASSETS		3,126,114	3,326,958
TOTAL ASSETS		5,313,303	4,131,762
CURRENT LIABILITIES			
Trade and other payables	12	1,490,454	1,522,467
Lease liabilities	13	91,155	237,555
Unsecured loans	14	3,285,000	1,400,000
Provisions	15	276,250	270,205
TOTAL CURRENT LIABILITIES		5,142,859	3,430,227
NON-CURRENT LIABILITIES			
Lease liabilities	13	8,322	96,120
Provisions	15	13,915	-
TOTAL NON-CURRENT LIABILITIES		22,237	96,120
TOTAL LIABILITIES		5,165,096	3,526,347
NET ASSETS		148,207	605,415
EQUITY			
Issued capital	16	77,752,597	73,092,487
Reserves	18	(25,497,374)	(22,815,775)
Accumulated losses	19	(52,107,016)	(49,671,297)
Equity attributable to owners of the company		148,207	604,415
TOTAL EQUITY		148,207	605,415

Notes to the financial statements are included on pages 34 to 86.

AUDIO PIXELS HOLDINGS LIMITED
ACN 094 384 273

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

December 2022 – Consolidated	**Issued Capital**	**Equity Settled Option Reserve**	**Exchange translation reserve**	**Minority Acquisition Reserve**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 January 2022	73,092,487	6,081,330	(3,358,413)	(25,538,692)	(49,671,297)	605,415
Other comprehensive income for the year	-	-	(2,985,696)	-	-	(2,985,696)
(Loss) for the year	-	-	-	-	(2,435,719)	(2,435,719)
Share placements at $14.00	4,660,110	-	-	-	-	4,660,110
Recognition of share based payments	-	304,097	-	-	-	304,097
Balance at 31 December 2022	77,752,597	6,385,427	(6,344,109)	(25,538,692)	(52,107,016)	148,207

December 2021 – Consolidated	**Issued Capital**	**Equity Settled Option Reserve**	**Exchange translation reserve**	**Minority Acquisition Reserve**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 January 2021	73,092,487	5,552,761	(968,266)	(25,538,692)	(46,361,428)	5,776,862
Other comprehensive income for the year	-	-	(2,390,147)	-	-	(2,390,147)
(Loss) for the year	-	-	-	-	(3,309,869)	(3,309,869)
Recognition of share based payments	-	528,569	-	-	-	528,569
Balance at 31 December 2021	73,092,487	6,081,330	(3,358,413)	(25,538,692)	(49,671,297)	605,415

Notes to the financial statements are included on pages 34 to 86.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Consolidated Year ended 31 December 2022 $	Consolidated Year ended 31 December 2021 $
Cash flows from operating activities			
Receipts from customers		119,655	107,263
Government grants		159,791	-
Payments to suppliers and employees		(5,762,741)	(5,127,820)
Interest paid		(158,753)	(12,295)
Interest received		6,823	1,428
Net cash (used by) operating activities	20	(5,635,225)	(5,031,424)
Cash flows from investing activities			
Payment for property, plant and equipment		(124,806)	(158,471)
Proceeds from sale of property, plant and equipment		-	2,480
Net cash (used by) investing activities		(124,806)	(155,991)
Cash flows from financing activities			
Proceeds from share placement	16	4,660,110	-
Proceeds from unsecured loans	14	2,885,000	1,400,000
Repayment of unsecured loan		(1,000,000)	-
Repayment of lease liabilities		(234,198)	(297,044)
Net cash provided by financing activities		6,310,912	1,102,956
Net increase/ (decrease) in cash and cash equivalents held		550,881	(4,084,459)
Cash and cash equivalents at the beginning of the financial year		748,373	4,750,888
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		40,707	81,944
Cash and cash equivalents at the end of the financial year	5	1,339,961	748,373

Notes to the financial statements are included on pages 34 to 86.

1. Summary of Significant Accounting Policies

1(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AASBs"). Compliance with AASBS ensures that the financial statements and notes comply with International Financial Reporting Standards ("IFRS"). For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

The financial statements were authorised for issue by the Directors on 31 March 2023.

1(b) Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are expressed in Australian dollars.

1(c) Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current year

In the current year, the consolidated entity has applied a number of amendments to AASB Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

1. Adoption of new and revised Standards (cont)

New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of the financial statements, the consolidated entity has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 17 Insurance Contracts (as amended) (summary, illustrative disclosure)	1 January 2023
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2023
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The Directors do not expect these new and revised standards issued but not effective to have a material effect on the financial statements.

1(d) Going Concern

The financial report has been prepared on the going concern basis which assumes the continuity of normal business activities and the realization of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity incurred a net loss during the year of $2,435,719 (2021: $3,309,869) and used net cash in operating activities of $5,635,225 (2021: $5,031,424). As at 31 December 2022, the consolidated entity had a net current asset deficiency of $2,955,670 (2021: $2,625,423) and cash of $1,339,961 (31 December 2021: $748,373) of which $61,131 (31 December 2021: $64,374) is restricted as it secures future lease payments.

1(d) Going Concern (cont)

At balance date, the Company had a fully drawn unsecured finance facility of A$3,285,000 from 4F Investments Pty Limited, a company associated with one of the Company's directors, Mr Fred Bart at an interest rate of 6% which is classified as a current liability. The interest rate was updated to 12% from 1 March 2023.

Subsequent to the reporting date, the Company obtained an additional facility of $1,500,000 from 4F Investments Pty Limited to meet the immediate working capital requirements of the consolidated entity to May 2023. The additional facility attracts an interest rate of 12% and is repayable on completion of a new capital raising. As part of the facility arrangement, 500,000 options will be issued to 4F, at an exercise price of $7.59 for a term of 3 years. These options are subject to shareholder approval and will vest immediately upon approval. Approval is anticipated to be sought at the Annual General Meeting in May 2023. If approval is not obtained, the options will not be granted, but the facility will remain. As at the date of this report, $750,000 of this new facility has been drawn down.

On 24 August 2022, the Company announced a placement of 714,286 ordinary shares at a price of $14.00 per share to raise gross proceeds of $10m before costs. From this placement, gross proceeds of $3,368,442 in respect of 240,603 new ordinary shares were received on 30 August 2022. For the remaining 473,683 shares:

- 308,325 shares are to be issued on receipt of the $4,316,550 from EarthMountain. The proceeds from this share issue were originally expected to be received in September 2022. At the date of this report, these funds have still not been received.
- 4F Investments Pty Limited also agreed to subscribe for 165,358 new ordinary shares at a price of $14.00 per share, being $2,315,012 in this placement. This placement is subject to shareholder approval at a meeting of shareholders. At the date of this report, this approval has not yet occurred and the funds have not been received. Approval will be sought at the Annual General Meeting in May 2023.

The original unsecured finance facility with 4F Investments Pty Ltd is repayable when the capital raise announced in August 2022 is completed. It is the Directors' intention that when the EarthMountain share placement funds are received, $969,988 of the original facility will be settled in cash. On the basis that shareholder approval is obtained for the 165,358 new ordinary shares to be issued to 4F Investments Pty Limited, the remaining original facility amount owing of $2,315,012 will be net settled. Should approval not be obtained for the share issue to 4F Investments Pty Ltd, the Company will seek to extend the facility until a new capital raise occurs.

1(d) Going Concern (cont)

Working Capital

Further testing and enhancement of the technology is continuing as the consolidated entity works towards achievement of the demonstrator milestone to begin the transition to volume production. As a result, it is anticipated that the available net working capital will be consumed in May 2023 if the EarthMountain proceeds from the August 2022 placement are not received. If the Earth Mountain proceeds are received by May 2023 then working capital will still be consumed within 12 months.

Furthermore, as noted in Note 28, on the basis that the initial pre-production packaged chips meet all the design specifications by 30 June 2023, the Company has committed a further $US9,600,000 for fully tested packaged production chips. Should the initial pre-production packaged chips meet all the design specifications this payment would be required in June 2023.

The Company will need to obtain further funding via an equity raise or additional debt funding to fund anticipated cash outflows for the 12 months post the signing of this financial report. The directors plan to obtain short term funding from convertible notes, placement of shares or additional loan facilities.

In the opinion of the directors, the ability of the consolidated entity to continue as a going concern and pay its debts as and when they fall due and payable is dependent upon:

- The successful completion of the current testing phase of the technology by May 2023, enabling the consolidated entity to demonstrate the technology's capabilities;
- The receipt of the EarthMountain proceeds from the August 2022 placement by May 2023;
- The ability of the Company to secure additional funding from existing or new investors to fund the completion of the testing and enhancement of the technology;
- Following completion of the testing and enhancement of the technology, the ability of the Company to secure further funding in June 2023 to fund the consolidated entity as it gears up for production, including payment of the USD$9,600,000 purchase order for Earth Mountain and to fund other working capital requirements;
- The ability of the Company to negotiate commercial contracts with interested customers; and
- The ability of the Company to defer repayment of the abovementioned original unsecured finance facility with 4F Investments Pty Ltd or to raise additional funding to repay the maturing facilities, in the event that the EarthMountain proceeds from the placement are not received by May 2023 and shareholder approval is not obtained for the 165,358 new ordinary shares to be issued to 4F Investments Pty Limited to allow net settlement of the remaining finance facilities.

1(d) Going Concern (cont)

If the consolidated entity is unable to achieve successful outcomes in relation to the above matters, material uncertainty would exist that may cast significant doubt as to the ability of the consolidated entity to continue as a going concern and therefore, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

No adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern

1(e) Revenue Recognition

Interest revenue is recognised using the effective interest rate method.

Recharged revenue is from the sublease of office space to subtenants recognised on an accrual basis. Revenue is invoiced monthly and receipts are within 30 days.

Government grants are assistance by the government in the form of transfers of resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated entity other than the requirement to operate in certain regions or industry sectors. Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income in the period in which it becomes receivable. In 2022, the government grants relate specifically to the Research and Development tax incentive.

1(f) Financial assets

Classification

The consolidated entity classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the consolidated entity's business model for managing financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the consolidated entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The consolidated entity reclassifies debt investments when and only when its business model for managing those assets changes.

1(f) Financial Assets (cont)

Measurement

At initial recognition, the consolidated entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the consolidated entity's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the consolidated entity classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises. No such assets are currently held by the consolidated entity.

Equity instruments

The consolidated entity subsequently measures all equity investments at fair value. Where the consolidated entity's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the consolidated entity's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other expenses in the statement of profit or loss as applicable.

1(f) Financial Assets (cont)

Impairment

The consolidated entity assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, and lease receivables, the consolidated entity applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1(g) Financial Liabilities

Trade and other payables

Liabilities are recognised for amounts to be paid for goods or services received. Trade payables are settled on terms aligned with the normal commercial terms in the consolidated entity's countries of operation.

Unsecured loans

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest rate method. The unsecured loans are held at amortised cost.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The consolidated entity derecognises financial liabilities when, and only when, the consolidated entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in the profit and loss.

1(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments maturing within less than 3 months at the date of acquisition, net of outstanding bank overdrafts.

1(i) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

Defined contribution plans – Contributions to defined contribution superannuation plans are expensed when incurred.

1(j) Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at historic cost that are denominated in foreign currencies are translated using historic rates.

Exchange differences are recognised in profit and loss in the period they arise.

Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit and loss on disposal of the foreign operation.

1(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

1(l) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the consolidated entity's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of goodwill impairment testing, there was one cash-generating unit, relating to the digital speakers segment. The cash-generating unit is tested for impairment annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1(m) Impairment of assets

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

1(n) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

1(n) Income Tax (cont)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settles its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

1(o) Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. The intangible asset acquired is written off on a straight line basis. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

1(p) Leases

The consolidated entity assesses whether a contract is or contains a lease, at inception of a contract. The consolidated entity recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the consolidated entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the consolidated entity uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

1(p) Leases (cont)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The consolidated entity remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the consolidated entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the consolidated entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

1(p) Leases (cont)

The consolidated entity applies AASB 136 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss per the accounting policy disclosed in note 1(m).

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the statement of profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The consolidated entity has not used this practical expedient.

The following estimated useful lives are used in the calculation of depreciation:

Office premises	4 years
Motor vehicle	3 years

1(q) Provisions

Provisions are recognised when the entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1(r) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, expenses and cash flows relating to transactions between members of the consolidated entity are eliminated in full on consolidation.

1(s) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straightline method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sales in the present condition. Management must be committed to the sale, which should be expected to qualify as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. The following estimated useful lives are used in the calculation of depreciation:

Computers and related equipment	5 to 15 years
Leasehold improvements	3 to 4 years
Office furniture and equipment	5 to 15 years

Depreciation in relation to right-of-use-assets is outlined in Note 1(p).

1(t) Share based payments

Equity–settled share-based payments are measured at fair value at the date of the grant. Fair value is measured by use of a Black-Scholes Option Pricing model. The expected life used in the model has been adjusted, based on management best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

1(u) Critical accounting judgements

In the application of the consolidated entity's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making these judgements. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Intangible asset/Goodwill

The directors made a critical judgement in relation certain assumptions used in the impairment model used to test the value of the intangible asset included in Note 9 and the impairment model used in assessing the carrying amount of the goodwill (see Note 8) for impairment.

1(u) Critical accounting judgements (cont)

Deferred tax

The directors made a critical judgement in relation to not recognising the deferred tax balances described in Note 3(a). Given the current stage of development, the directors do not currently consider it's probable that sufficient taxable amounts will be available against which deductible temporary differences can be utilised.

Functional Currency

The directors made a critical judgement in relation to the functional currency of Audio Pixels Holdings Limited taking into account the activities of the consolidated entity. The directors consider AUD to be the appropriate functional currency, as financing activities are of most relevance to the current year and these will occur in AUD.

Investment in subsidiary and intercompany receivable

The directors made a critical judgement in relation to the recoverability of the investment in subsidiary – Audio Pixels Limited and the receivable from this subsidiary. The loan is denominated in US$ and was US$35,388,570 at 31 December 2022 and the directors are of the view that the loan will be repaid on commercialisation of Audio Pixels Limited's technology. As such, the loan is not treated part of the Company's net investment in the subsidiary and translation of the loan balance from USD to AUD is through the profit and loss. The assessment of the recoverability of these assets is considered concurrently with the recoverability of the intangible asset/goodwill. These assets are discussed in Note 26 as part of current and non-current assets:

- Investment in subsidiary - $4,300,738 (31 December 2021: $3,996,641 (non-current assets)
- Intercompany receivable - $51,919,851 (31 December 2021: $44,579,258 (included in non-current assets)

Research & Development refundable taxation offset

The directors have calculated the estimated refundable offset in respect of eligible research & development expenditure incurred during the year ended 31 December 2022. An amount of $196,572 has been recorded as other receivables and revenue in the year ended 31 December 2022. Post year end, the claim will be submitted. The Directors consider that the entity has complied with the conditions of the R & D scheme and as such the grant will be received once the claim is submitted. An amount of $159,791 was recognised in 2022 which related to the 2021 refundable offset return. This was the first return submitted by the company and hence eligibility was first determined in 2022 in respect of 2021.

	Consolidated Year ended 31 December 2022 $	Consolidated Year ended 31 December 2021 $
2. (Loss) from operations		
(a) Revenue		
Interest received – other entities	6,823	1,428
Recharge rental income	119,655	107,263
Government grant – R & D tax incentive	356,363	-
Total revenue	482,841	108,691
(b) Expenses		
Amortisation	84,267	78,860
Depreciation of property, plant and equipment	140,197	128,866
Depreciation of right-of-use assets	236,791	293,688
Interest expense	190,491	22,202
Employee benefits expense:		
Salary and other employee benefits	2,648,721	2,577,636
Share based payments (1)	304,097	528,569
Superannuation	38,634	32,256
	2,991,452	3,138,461

(1) The share based payments expense includes an immaterial amount of $107,285 relating to the correction of prior year share based payments expense.

3. Income taxes

(a) Income tax recognised in profit or loss

The Company is in a loss-making position and therefore does not pay income tax in both Australia and Israel. Therefore income tax payable is nil (2021: nil).

During 2022, a government grant of $159,791 in the form of a refundable tax offset was received as part of the government initiative to provide financial support as a result of expenditure of eligible research and development expenditure in Australia for the year ended 31 December 2021 and an estimated grant of $196,572 in relation to eligible expenditure incurred during the year ended 31 December 2022 has been recognised. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

	31 December 2022 $	31 December 2021 $

3. Income taxes (Cont)

(a) Income tax recognised in profit or loss (cont)

The Company does not recognise any deferred tax assets on balance sheet as management does not believe that there will be sufficient taxable profits in the foreseeable future that deferred tax assets can be utilised against. The amount of unrecognised deferred tax assets at reporting date is $11,594,514 (2021: $10,379,697). $2,228,746 (2021: $1,929,723) of these unrecognised deferred tax relate to the parent company in Australia and $9,365,768 (2021: $8,449,974) relate to the subsidiary in Israel. These unrecognised deferred tax assets are able to be caried forward indefinitely.

A corporate tax rate of 30% is payable by Australian corporate entities on taxable profits under Australian tax law and 23% (2021:23%) under Israeli law. There has been no change in the corporate tax rate when compared with the previous reporting period

(b)Franking account balance

	31 December 2022 $	31 December 2021 $
Adjusted franking account balance	86,721	86,721

(c) Israeli Tax Ruling

On July 16th 2012 a Tax Ruling was issued by the Israeli Tax Authorities (ITA) under which the ITA confirmed that the Merger carried out between Audio Pixels Ltd, a private Israeli company (P.C 513853606) and Audio Pixels Holdings Limited, a public Australian company, complied with the conditions stipulated in Section 103T of the Israeli Ordinance. Consequently, the transfer of the rights by the transferring rights holders in exchange for the issuance of shares in the Australian company is not taxable at the date of the Merger pursuant to the provisions of Section 103T of the Israeli Ordinance.

	31 December 2022 $	31 December 2021 $
4. Remuneration of auditors		
Deloitte and related network firms*		
Audit or review of the financial reports		
- Group	72,250	42,368
- Subsidiary	52,140	33,787
	124,390	76,155
Statutory assurance services provided by legislation To be provided by the auditor		
Statutory assurance services required by legislation to be provided by the auditor	5,523	4,296
Other services		
- Taxation consulting service	36,045	4,882
	36,045	4,882
	165,958	85,333

*The auditor of Audio Pixels Holdings Limited is Deloitte Touche Tohmatsu ("Deloitte Australia").

5. Cash and cash equivalents

	31 December 2022 $	31 December 2021 $
Unrestricted cash	1,278,830	683,999
Restricted cash (non-interest bearing)	61,131	64,374
Cash on hand and at bank	1,339,961	748,373
Weighted average interest rate received on cash	0.24%	0.00%

	31 December 2022 $	31 December 2021 $

6. Trade and other receivables

	31 December 2022 $	31 December 2021 $
Current		
GST receivable	13,547	6,286
Other receivables	246,826	50,145
	260,374	56,431
Non Current		
Other receivables	9,180	9,080

Other receivables comprise security deposits with government bodies and the Research & Development refundable offset estimated receivable.

7. Prepayments

	31 December 2022 $	31 December 2021 $
Prepayments in respect of pre-production chips	586,864	-

	31 December 2022 $	31 December 2021 $
8. Goodwill		
Being goodwill acquired on the acquisition of Audio Pixels Limited. The goodwill is allocated to the cash generating unit of digital speakers by Audio Pixels Limited of Israel.	2,371,014	2,289,128
Balance at 1 January	2,289,128	2,207,058
Net foreign currency exchange	81,886	82,070
Balance at 31 December	2,371,014	2,289,128

The recoverable amount of this cash generating unit is dependent on the successful commercialisation of the technology. The recoverable amount has been determined based on a fair value less costs of disposal calculation which uses cash flow projections based on financial budgets approved by the directors covering a 5-year period, with forecast revenue growth rates based on the directors of the consolidated entity’s best estimate of the market development and with a terminal rate of 2%, and a discount rate of 33% per annum. The assumed growth rate is based on the forecast future global MEMS market.

Given the nature of the product, the forecast cash flows are management’s best estimate and reflect the risks inherent in the initial take up of the product. Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation during the budget period and factor in a probability of the viability of the product. In addition to the recoverable amount being dependent on the successful commercialisation of the product, the recoverable amount is sensitive to delays in bringing the product to market. Delays in bringing the product to market decrease the recoverable amount.

Movements in the value of the goodwill are a result of the retranslation of the goodwill from the functional currency of the cash generating unit to which it is attributed.

9. Intangible asset

Being the independent valuation of In Process Research determined at the acquisition date of 24 September 2010 by Ernst & Young, Israel in their report dated 17 August 2011.	868,000	868,000
Exchange differences on translation	200,171	188,543
Less accumulated amortisation	(916,323)	(832,056)
	151,848	224,487

	31 December 2022 $	31 December 2021 $

9. **Intangible asset (cont)**

The intangible asset is allocated to the digital speaker cash-generating unit being the only cash generating unit, when assessed for impairment. Refer to Note 8 for commentary on the cash-generating unit.

10. **Right of use assets**

	31 December 2022 $	31 December 2021 $
Office premises – at cost	778,223	1,209,833
Less accumulated depreciation	(698,628)	(918,978)
	75,595	290,855
Motor vehicle – at cost	46,467	43,619
Less accumulated depreciation	(22,900)	(6,957)
	23,567	36,662
Total net book value of Right of use assets	103,162	327,517

Cost
Office premises

	31 December 2022 $	31 December 2021 $
Balance at 1 January	1,209,833	857,829
Additions	-	318,959
Disposals	(479,304)	-
Net foreign currency exchange differences	47,694	33,045
Balance as at 31 December	778,223	1,209,833

Accumulated depreciation

Office premises

	31 December 2022 $	31 December 2021 $
Balance as at 1 January	(918,978)	(608,509)
Net foreign currency exchange differences	(37,161)	(23,531)
Disposal	479,304	-
Depreciation expense	(221,793)	(286,938)
Balance at 31 December	(698,628)	(918,978)

	31 December 2022 $	31 December 2021 $
10. Right of use assets (cont)		
Cost		
Motor vehicle		
Balance as at 1 January	43,619	-
Additions	-	42,320
Net foreign currency exchange differences	2,848	1,299
Balance at 31 December	46,467	43,619
Accumulated depreciation		
Motor vehicle		
Balance as at 1 January	(6,957)	-
Net foreign currency exchange differences	(945)	(207)
Depreciation expense	(14,998)	(6,750)
Balance at 31 December	(22,900)	(6,957)

On 1 June 2018, the parent company exercised an option to renew a lease in respect of office premises at Suite 3, Level 12, 75 Elizabeth Street Sydney for a period of forty-eight months from 31 March 2018 to 30 March 2022. The lease expired on 30 March 2022 and has not been renewed. The Company rented on a month to month arrangement post 30 March 2022.

On 1 January 2019, the subsidiary company, Audio Pixels Limited exercised an option to renew a lease in respect of facilities at 3 Pekris Street Rehovot, Israel for a period of twenty-eight months to 31 May 2021. Effective on 1 June 2021, the subsidiary company, Audio Pixels Limited exercised an option to renew a lease in respect of facilities at 3 Pekris Street Rehovot, Israel for a period of twenty-four months to 31 May 2023.

On 8 August 2021, the subsidiary company, Audio Pixels Limited entered into a new car lease for a period of thirty-six months until 7 August 2024.

Amounts recognised in profit and loss

Depreciation expense on right of use assets	237,791	293,688
Interest expense on lease liabilities	8,705	12,295
Expense relating to short term leases	108,713	-

The total cash outflow for leases amount to $234,198 including interest payments of $8,705 (Year ended 31 December 2021 -$297,044).

	31 December 2022 $	31 December 2021 $
11. Property, Plant and Equipment		
Computers and related equipment – at cost	689,197	557,823
Less accumulated depreciation	(582,614)	(502,232)
	106,583	55,591
Leasehold improvements – at cost	378,466	354,269
Less accumulated depreciation	(293,256)	(262,354)
	85,210	91,915
Office furniture and equipment – at cost	1,602,009	1,475,731
Less accumulated depreciation	(1,302,862)	(1,146,491)
	299,147	329,240
Total net book value of Property, Plant and Equipment	490,940	476,746
Cost		
Computers and related equipment		
Balance at 1 January	557,823	483,675
Additions	92,816	45,595
Disposals	(868)	(2,480)
Net foreign currency exchange differences	39,426	31,033
Balance as at 31 December	689,197	557,823
Leasehold improvements		
Balance at 1 January	354,269	333,768
Additions	1,033	-
Net foreign currency exchange differences	23,164	20,501
Balance as at 31 December	378,446	354,269

	31 December 2022 $	31 December 2021 $
11. Property, Plant and Equipment (cont)		
Office furniture and equipment		
Balance at 1 January	1,475,731	1,280,719
Additions	30,957	112,876
Disposals	(1,975)	-
Net foreign currency exchange differences	97,296	82,136
Balance as at 31 December	1,602,009	1,475,731
Accumulated depreciation		
Computers and related equipment – at cost		
Balance as at 1 January	(502,232)	(424,185)
Net foreign currency exchange differences	(34,297)	(28,705)
Disposal	868	1,791
Depreciation expense	(46,953)	(51,133)
Balance at 31 December	(582,614)	(502,232)
Leasehold improvements		
Balance as at 1 January	(262,354)	(234,998)
Net foreign currency exchange differences	(17,565)	(14,820)
Depreciation expense	(13,337)	(12,536)
Balance at 31 December	(293,256)	(262,354)
Office furniture and equipment		
Balance as at 1 January	(1,146,491)	(1,016,834)
Net foreign currency exchange differences	(77,433)	(64,461)
Disposal	969	-
Depreciation expense	(79,907)	(65,196)
Balance at 31 December	(1,302,862)	(1,146,491)

	31 December 2022 $	31 December 2021 $
12. Trade and other payables		
Current		
Trade payables and accruals	1,490,454	1,522,467

The payables are non-interest bearing and have an average credit period of 30 days.

13. Lease liabilities

Analysed as:		
Current	91,155	237,555
Non-Current	8,322	96,120
	99,477	333,675

Disclosure required by AASB 16
Maturity Analysis

Year 1	91,155	237,693
Year 2	13,365	100,666
Year 3	-	6,162
Less: unearned interest	(5,043)	(10,846)
	99,477	333,675

The consolidated entity does not face a significant liquidity risk with regard to its lease liabilities. All lease obligations in Australia are denominated in Australian dollars and the leases in Israel are denominated in Israeli shekels.

14. Unsecured loans

Related party – director	3,285,000	1,000,000
Other party	-	400,000
	3,285,000	1,400,000

4F Investments Pty Limited (a company controlled by Fred Bart – Chairman) has provided a fully drawn unsecured loan facility to the Company of $3,285,000 as at 31 December 2022 at an interest rate of 6%.

14. **Unsecured loans (cont)**

The loan is repayable in two components as follows:

- Subject to shareholder approval, 4F Investments Pty Limited (a company associated with Fred Bart) has agreed to subscribe to 165,358 ordinary shares at $14.00 per share amounting to $2,315,012 as part of the placement announced to the market on 24 August 2022.
- The balance of the loan of $969,988 is due for repayment on receipt of the placement monies of A$4,316,550 (US$3m) from Earth Mountain.

As part of the placement announced to the market on 24 August 2022 of $10m at $14.00 per share, 4F Investments Pty Limited agreed to subscribe for 165,358 ordinary shares at $14.00 per share as part of this placement at a cost of $2,315,012, subject to shareholder approval. 4F Investments Pty Limited has agreed that it would offset $2,315,012 against its unsecured loan of $3,285,000, subject to shareholder approval, and the balance of $969,988 would be repaid in cash once the placement funds of A$4,316,550 (US$3m) from Earth Mountain are received.

4F Investments Pty Limited will continue to receive 6.00% interest up to 1 March 2023 and 12% from 1 March 2023 on the unsecured loan until shareholder approval is received. In respect of the balance of the unsecured loan of $969,988, after shareholder approval, 4F Investments Pty Limited will continue to receive interest at 12.00 % per annum until repayment.

During the year, Link Enterprises Group provided an additional $600,000 under its unsecured loan facility of A$1m and was repaid in full on 31 August 2022 from the proceeds of the August 2022 capital raising.

	31 December 2022 $	31 December 2021 $
15. **Provisions**		
Current		
Employee benefits	276,250	270,205
Non-current		
Employee benefits	13,915	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)**

16. Issued capital

	31 December 2022 $	31 December 2021 $
Issued and paid up capital		
Fully paid Ordinary Shares		
Balance at the beginning of the financial year	73,092,487	73,092,487
Placements for cash at $14.00 per share		
- 31 August 2022	3,183,441	-
- 29 December 2022	1,476,669	-
Balance at the end of the financial year	77,752,597	73,092,487
	Number	**Number**
Fully paid Ordinary Shares		
Balance at the beginning of the financial year	28,698,663	28,698,663
Placements for cash at $14.00 per share		
- 31 August 2022	240,603	-
- 29 December 2022	105,476	-
Balance at the end of the financial year	29,044,742	28,698,663

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

Changes in the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

17. Employee Share Option Plan

The consolidated entity has an ownership-based compensation scheme for employees (including directors) of the company. In accordance with the provisions of the scheme, as approved by shareholders at a previous annual general meeting, employees with more than three months service with the company may be granted options to purchase ordinary shares at exercise prices determined by the directors based on market prices at the time the issue of options were made.

17. Employee Share Option Plan (cont)

Each share option converts to one ordinary share in Audio Pixels Holdings Limited. No amounts are paid or payable by the recipient on receipt of the options. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry.

The number of options granted is determined by the directors and takes into account the company's and individual achievements against both qualitative and quantitative criteria.

On 13 January 2011, shareholders approved the adoption of an Employee Share Option Plan.

(a) Unlisted Options issued under the Employee Share Option Plan

	2022		2021	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Balance at the beginning of the financial year (i)	295,000	22.60	203,000	16.20
Granted during the year (ii)	165,000	14.00	122,000	27.70
Exercised during the year (iii)	-	-	-	-
Lapsed during the year (iv)	(173,000)	16.20	(30,000)	16.20
Balance at the end of the financial year (v)	287,000	19.82	295,000	22.60
Exercisable at end of the year	-	-	173,000	-

17. **Employee Share Option Plan (cont)**

(i) Balance at the beginning of the year

	Number	Grant date	Expiry date	Exercise Price	Fair value at grant date
2022	173,000	17/12/18	17/12/22*	16.20	$1,316,876
	122,000	16/4/21	16/4/25	27.70	$1,241,960
	295,000				
2021	203,000	17/12/18	17/12/22*	16.20	$1,421,406

Staff options carry no rights to dividends and no voting rights.

* These options commence to vest after 17 December 2020 and continuous employment on the basis of one twelfth of the total number each month in the twelve month period to 17 December 2021. The expiry date of the 173,000 options was extended by the Directors to 17 June 2022 and then 17 December 2022, however these two extensions were not approved by the ASX and the options were subsequently cancelled effective 29 December 2022 and were never exercised. The Directors have agreed to re-issue these 173,000 options with an exercise price of $16.20 subject to shareholder approval at a future date.

(ii) Granted during the year

	Number	Grant date	Expiry date	Exercise Price	Fair value at grant date
2022					
Staff options	30,000	1/12/22	1/12/25	14.00	$124,800
Staff options	135,000	1/12/22	1/12/26	14.00	$662,850
	165,000				$787,650
2021					
Staff options	122,000	16/4/21	16/4/25	27.70	$1,241,960

17. **Employee Share Option Plan (cont)**

(ii) Granted during the year (cont)

The following inputs were used in the model for the option grants made on 1 December 2022:

30,000 Options

Dividend yield	0.00%
Expected volatility (linearly interpolated)	55.00%
Risk free interest rate	3.1%
Expected life of options	1,095 days
Grant date share price	\$12.00
Exercise price	\$14.00

135,000 Options

Dividend yield	0.00%
Expected volatility (linearly interpolated)	55.00%
Risk free interest rate	3.2%
Expected life of options	1,460 days
Grant date share price	\$12.00
Exercise price	\$14.00

(ii) Exercised during the year

There were no options exercised during the year.

(iv) Lapsed during the year

173,000 (31 December 2021 - 30,000).

The expiry date of the 173,000 options was extended by the Directors to 17 December 2022, however this extension was not approved by the ASX and the options were cancelled effective 29 December 2022 and were never exercised. The Directors have agreed to re-issue these 173,000 options with an exercise price of \$16.20 subject to shareholder approval at a future date.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)**

17. **Employee Share Option Plan (cont)**

(v) Balance at the end of the financial year

	Number	Grant date	Expiry date	Exercise Price	Fair value at grant date
2022					
Staff options	122,000	16/4/21	16/4/25*	$27.70	$1,241,960
Staff options	30,000	1/12/22	1/12/26*	$14.00	$124,800
Staff options	135,000	1/12/22	1/2/27*	$14.00	$662,850
	287,000				
2021					
Staff options	122,000	16/4/21	16/4/25*	$27.70	$1,241,960
Staff options	173,000	17/12/18	17/12/22*	$16.20	$1,316,876
	295,000				

Staff options carry no rights to dividends and no voting rights.

*All options granted to staff have a vesting condition that the employee must be employed by the consolidated entity at the time of vesting. These options start to vest after two years continuous employment on the basis of one twelfth of the total number each month for a twelve month period.

The difference between the total fair value of the options issued during the financial year, at the date of issue, and the total amount received from the employees (nil) is recognised in the financial statements over the vesting period as disclosed in Note 16 to the financial statements.

	31 December 2022 $	31 December 2021 $
18. Reserves		
Foreign currency translation		
Balance at the beginning of the financial year	(3,358,413)	(968,266)
Translation of foreign operations	(2,985,696)	(2,390,147)
Balance at end of financial year	(6,344,109)	(3,358,413)

Foreign currency translation

Exchange differences relating to the translation of the results and net assets of the consolidated entity's foreign operations from their functional currencies to the consolidated entity's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit and loss on the disposal of the foreign operation.

Equity settled option reserve

Balance at the beginning of the financial year	6,081,330	5,552,761
Add share based payments in respect of options (1)	304,097	528,569
Balance at end of financial year	6,385,427	6,081,330

The above equity-settled option reserve relates to share options granted by the Company.

(1) The share based payments expense for the year includes an immaterial amount of $107,285 relating to the correction of prior year share based payments expense.

Minority acquisition reserve

Balance at the beginning of the financial year	(25,538,692)	(25,538,692)
Balance at end of financial year	(25,538,692)	(25,538,692)
Total Reserves	(25,497,374)	(22,815,775)

	31 December 2022 $	31 December 2021 $

19. Accumulated losses

Balance at the beginning of the financial year	(49,671,297)	(46,361,428)
(Loss) for the year attributable to owners of the company	(2,435,719)	(3,309,869)
Balance at the end of the financial year	(52,107,016)	(49,671,297)

20. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than 3 months at the date of acquisition. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	1,339,961	748,373

(b) Restricted cash

Cash held as security for future lease payments	61,131	64,374

Restricted cash amounts are included in the cash and cash equivalents amounts above.

	31 December 2022 $	31 December 2021 $

20. Notes to the statement of cash flows (cont)

Reconciliation of (loss) for the period to net cash outflows from operating activities

(Loss) after related income tax	(2,435,719)	(3,309,869)
Amortisation	84,267	78,860
Depreciation	376,988	422,554
Foreign exchange (gains)/ losses	(3,162,914)	(2,606,203)
Loss/(Gain) on sale of property, plant and equipment	1,006	(689)
Share based payments	304,097	528,569
Changes in assets and liabilities		
(Increase)/ decrease in assets		
Current trade and other receivables	(203,943)	(7,570)
Prepayments	(586,854)	-
Non-current trade and other receivables	(100)	(3,381)
Increase /(decrease) in liabilities		
Provisions	19,960	(25,478)
Current trade payables	(32,013)	(108,217)
Net cash (used in) operating activities	(5,635,225)	(5,031,424)

Reconciliation of liabilities arising from financing transactions

2022	**Balance as at 1 January**	**Financing cash flows**	**Balance as at 31 December**
Unsecured loans	1,400,000	1,885,000	3,285,000
Lease liabilities	(333,675)	234,198	(99,477)
2021			
Unsecured loans	-	1,400,000	1,400,000
Lease liabilities	(269,440)	(64,235)	(333,675)

21. Related Party Transactions

(a) Directors

The Directors of Audio Pixels Holdings Limited in office during the year were Fred Bart, Ian Dennis and Cheryl Bart.

(b) KMP Remuneration

The aggregate compensation of the key management personnel of the company is set out below:

	31 December 2022 $	**31 December 2021 $**
Short-term employee benefits	662,396	623,624
Long term employee benefits	117,963	95,806
	780,359	719,430

The remuneration above relates to directors fees, consultancy fees and superannuation paid to entities associated with Fred Bart, Cheryl Bart and Ian Dennis and the remuneration of one senior executive of Audio Pixels Limited in Israel and one senior executive of Audio Pixels Holdings Limited.

Transactions with related entities

During the year ended 31 December 2022, the Company paid a total of $109,331 (year ended 31 December 2021 - $108,104) to 4F Investments Pty Limited, a company associated with Mr Fred Bart in respect of directors fees and superannuation for Mr Fred Bart and Mrs Cheryl Bart.

During the year ended 31 December 2022, the Company paid a total of $41,344 (year ended 31 December 2021 - $41,156) to Dennis Corporate Services Pty Limited, a company associated with Mr Ian Dennis in respect of directors fees and superannuation.

During the year ended 31December 2022, the Company paid $30,000 (31 December 2021 – $30,000) to Dennis Corporate Services Pty Limited, a company associated with Mr Ian Dennis in respect of consulting fees for company secretarial and accounting services.

21. **Related Party Transactions (cont)**

During the year, the company entered into unsecured loan facilities with 4F Investments Pty Limited, a company associated with Mr Fred Bart, totalling $3,285,000 at an interest rate of 6%. The loan facility was fully drawn to $3,285,000 at 31 December 2022. The loan is repayable in two components as follows:

a) Subject to shareholder approval, 4F Investments Pty Limited (a company associated with Fred Bart) has agreed to subscribe to 165,358 ordinary shares at $14.00 per share amounting to $2,315,012 as part of the placement announced to the market on 24 August 2022.

b) The balance of the loan of $969,988 is due for repayment on receipt of the placement monies of A$4,316,550 (US$3m) from Earth Mountain.

During the year, the company paid $120,749 (31 December 2021 – Nil) on the unsecured loan to 4F Investments Pty Limited. Interest has been accrued in the financial statements at 31 December 2022 of $32,940 (31 December 2021 - $9,136) has been accrued in the financial statements.

The lease in respect of office premises at Suite 3, Level 12, 75 Elizabeth Street Sydney expired on 30 March 2022. The Company has not renewed the lease and continues to occupy the premises on a month to month basis. The Company recharged rent and other tenancy charges of $42,871 (year ended 31 December 2021 - $40,488) to 4F Investments Pty Limited, a company controlled by Fred Bart.

	31 December 2022	31 December 2021

22. Earnings per Share

Basic (loss) per share	(8.46) cents	(11.53) cents
Diluted (loss) per share (b)	(8.46) cents	(11.53) cents
(Loss) (a)	(2,435,719)	(3,309,869)
Weighted average number of Ordinary Shares	28,779,662	28,698,213

(a) (Loss) used in the calculation of basic earnings per share are the same as the net (loss) in the Statement of profit or loss and other comprehensive income.
(b) There are potential ordinary shares to be issued in relation to the issue of 122,000 unlisted employee options issued on 16 April 2021 at an exercise price of $27.70. These options expire on 16 April 2025. The unlisted employee options have not been included in dilutive EPS, as they are anti–dilutive.
(c) There are potential ordinary shares to be issued in relation to the issue of 30,000 unlisted employee options issued on 1 December 2022 at an exercise price of $14.00. These options expire on 1 December 2026. The unlisted employee options have not been included in dilutive EPS, as they are anti–dilutive.
(d) There are potential ordinary shares to be issued in relation to the issue of 135,000 unlisted employee options issued on 1 December 2022 at an exercise price of $14.00. These options expire on 1 December 2027. The unlisted employee options have not been included in dilutive EPS, as they are anti–dilutive.

23. Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess performance.

The identification of the consolidated entity's reportable segments has not changed from those disclosed in the previous 2021 report.

The consolidated entity operates in Australia and Israel.

Products and services within each segment

Digital speakers

The subsidiary company in Israel is developing a digital speaker and has not reached the stage of generating any revenue from the technology.

	31 December 2022 $	31 December 2021 $
Segment Revenues		
Digital speakers	482,841	108,691
Total of all segments	482,841	108,691
Segment Results		
Digital speakers	(2,435,719)	(3,309,869)
(Loss) before income tax	(2,435,719)	(3,309,869)
Income tax gain/ (expense)	-	-
(Loss) for the period	(2,435,719)	(3,309,869)

23. **Segment Information (cont)**

Segment Assets and Liabilities

	Assets		Liabilities	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	$	$	$	$
Digital speakers	5,313,303	4,131,762	5,165,096	3,526,347
Total all segments	5,313,303	4,131,762	5,165,096	3,526,347
Unallocated	-	-	-	-
Consolidated	5,313,303	4,131,762	5,165,096	3,526,347

Assets used jointly by reportable segments are allocated on the basis of the revenue earned by the individual reportable segments.

Other Segment Information

	Depreciation and amortisation of segment assets		Acquisition of segment assets	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	$	$	$	$
Digital speakers	461,255	501,414	124,806	158,471
Total all segments	461,255	501,414	124,806	158,471
Unallocated	-	-	-	-
Consolidated	461,255	501,414	124,806	158,471

23. **Segment Information (cont)**

Information on Geographical Segments

31 December 2022

Geographical Segments	Revenue from External Customers	Segment Assets	Acquisition of Segment Assets
	$	$	$
Australia	482,841	4,001,562	-
Israel	-	1,311,741	124,806
Total	482,841	5,313,303	124,806

31 December 2021

Geographical Segments	Revenue from External Customers	Segment Assets	Acquisition of Segment Assets
	$	$	$
Australia	108,691	2,681,583	-
Israel	-	1,450,179	158,471
Total	108,691	4,131,762	158,471

24. Financial risk management objectives and policies

The consolidated entity's principal financial instruments held during the year comprise receivables, payables, cash and short term deposits.

Due to the small size of the consolidated entity significant risk management decisions are taken by the board of directors. These risks include market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Directors do not plan to eliminate risk altogether, rather they plan to identify and respond to risks in a way that creates value for the company and its shareholders. Directors and shareholders appreciate that in order for the consolidated entity to compete and grow, a long term strategy needs to involve risk taking for reward.

The consolidated entity does not use derivative financial instruments to hedge these risk exposures.

Risk Exposures and Responses

(a) Interest rate risk

The consolidated entity's exposure to market interest rates relates primarily to the consolidated entity's cash holdings and short term deposits.

At balance date, the consolidated entity had the following mix of financial assets exposed to Australian interest rate risk that are not designated in cash flow hedges:

	31 December 2022 $	31 December 2021 $
Financial assets		
Cash and cash equivalents	1,339,961	748,373

The consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

24. Financial risk management objectives and policies (cont)

(a) Interest rate risk (cont)

At 31 December 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax (loss) and equity would have been affected as follows:

Judgements of reasonably possible movements	Post Tax Loss Higher/(Lower)		Equity Higher/(Lower)	
	31 December 2022 $	31 December 2021 $	31 December 2022 $	31 December 2021 $
Consolidated entity				
+1% (100 basis points)	13,400	7,510	13,400	7,510
-0.24% (0.00%)	(3,211)	-	(3,211)	-

The movements in losses are due to higher/lower interest rates on cash and cash equivalents balances. The cash and cash equivalents balances were higher in December 2022 than in December 2021 and interest rates were higher – accordingly the sensitivity is higher.

(b) Foreign currency risk

The consolidated entity has a foreign currency risk since the acquisition of Audio Pixels Limited. Audio Pixels Limited operates in Israel and all transfer of funds to Audio Pixels Limited are denominated in US dollars. The consolidated entity does not hedge its US dollar exposure.

The carrying amounts of the consolidated entity's foreign currency (US$) denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31 December 2022 $	31 December 2021 $	31 December 2022 $	31 December 2021 $
Cash and cash equivalents	-	-	658,204	623,508
Trade and other receivables	-	-	52,226	50,145
Trade and other payables	1,385,166	1,475,787	-	-

24. Financial risk management objectives and policies (cont)

All US$ denominated financial instruments were translated to A$ at 31 December 2021 at the exchange rate of 0.6816 (2021: 0.7261).

At 31 December 2022 and 31 December 2021, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

Judgements of reasonably possible movements	Post Tax Loss Higher/(Lower)		Equity Higher/(Lower)	
	2022 $	2021 $	2022 $	2021 $
Consolidated				
AUD/USD +10%	(4,321,543)	(3,743,112)	(4,321,543)	(3,743,112)
AUD/USD -5%	2,501,946	1,949,511	2,501,946	1,949,511

Management believes the balance date risk exposures are representative of risk exposure inherent in financial instruments.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties which are continuously monitored.

The credit risk on liquid funds is limited because the counterparties are major banks with high credit-ratings assigned by international credit agencies.

(d) Liquidity risk management

The consolidated entity’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The consolidated entity’s investments in money market instruments all have a maturity of less than 3 months.

24. Financial risk management objectives and policies (cont)

(d) Liquidity risk management (cont)

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate risk management framework for the management of the consolidated entity's short, medium and long term funding and liquidity requirements. The consolidated entity manages liquidity by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and managing maturity profiles of financial assets.

The following tables detail the consolidated entity's remaining contractual maturity for its non-derivative financial assets and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets and financial liabilities including interest that will be earned on these assets except where the consolidated entity anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $
31 December 2022					
Assets					
Non interest bearing	0.00%	1,176,028	260,374	-	9,180
Fixed rate instruments	0.24%	164,201	-	-	-
Liabilities					
Non interest bearing	0.00%	1,490,454	-	-	-
Unsecured loans	6.00%	-	3,285,000	-	-
31 December 2021					
Assets					
Non interest bearing	0.00%	683,264	56,431	-	9,080
Fixed rate instruments	0.004%	65,111	-	-	-
Liabilities					
Non interest bearing	0.00%	1,522,467	-	-	-
Unsecured loans	6.00%	-	1,400,000	-	-

All financial liabilities are expected to be settled under commercial terms of within 12 months.

24. Financial risk management objectives and policies (cont)

(e) Commodity price risk

The consolidated entity has no exposure to commodity price risk.

(f) Other price risks

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

25. Subsequent events

Since the end of the financial year, 4F Investments Pty Limited, a company associated with the Chairman, Mr Fred Bart, has agreed to provide an additional unsecured funding facility of up to $1,500,000 on 28 March 2023 at an interest rate of 12% per annum, repayable on completion of the next capital raising. 4F Investments Pty Limited advanced $150,000 on 27 February 2023, $100,000 on 16 March 2023 and $500,000 on 28 March 2023 amounting to $750,000.

This new facility of $1,500,000 is in addition to the existing unsecured loan of $3,285,000 which was originally at 6% interest. However, as a result of the extended delays in receiving the Earth Mountain placement proceeds of US$3m, the interest rate has been increased to 12% per annum from 1 March 2023 as part of the agreement to provide the new loan facility. This interest rate is better than other offers of unsecured loans and convertible notes received from other unrelated parties.

As an incentive to the provision of this additional facility of $1,500,000 and the continuation of the existing unsecured loans of $3,285,000 (whilst waiting for the Earth Mountain placement proceeds of US$3m to settle $969,988 in cash and the Annual General Meeting to request shareholder approval for a placement of 165,358 shares to 4F Investments Pty Limited which would net settle $2,315,012 of the facility), the Company has agreed to provide an incentive of 500,000 unlisted options in the company to 4F Investments Pty Limited The exercise price of these options is the 5-day VWAP when the first $150,000 was advanced on 27 February 2023 which equates to an exercise price of $7.59 for a term of 3 years. These options would be provided, subject to shareholder approval at the next Annual General Meeting to be held on Tuesday 30 May 2023. These options would be issued and vest immediately after shareholder approval was received as they only relate to the loan facility and are not employment related.

Apart from the above, the Directors are not aware of any significant events since the end of the financial year and up to the date of this report.

26. Parent entity disclosures

	31 December 2022	31 December 2021 $
Financial position		
Assets		
Current assets	1,478,730	131,151
Non-current assets	56,220,589	48,612,716
Total assets	57,699,319	48,743,867
Liabilities		
Current liabilities	3,530,069	1,584,168
Non-current liabilities	13,915	-
Total liabilities	3,543,984	1,584,168
Net assets	54,155,335	47,159,699
Equity		
Issued capital	77,752,597	73,092,487
Reserves	(19,153,265)	(19,457,362)
(Accumulated losses)	(4,443,997)	(6,475,426)
Total equity	54,155,335	47,159,699
Financial performance		
Profit for the period	2,031,429	1,608,347
Other comprehensive income	-	-
	2,031,429	1,608,347

27. Controlled Entity

Name of Entity	Country of Incorporation	31 December 2022 %	31 December 2021 %
Parent Entity			
Audio Pixels Holdings Limited	Australia		
Controlled Entities			
Audio Pixels Limited	Israel	100.00	100.00
Audio Pixels Technologies Pty Limited	Australia	100.00	100.00

28. Commitments

The subsidiary company, Audio Pixels Limited of Israel has entered into various purchase orders and commitments of $521,141 (2021: $258,841) with various strategic partners which will become payable once qualified products are delivered to the company.

On 17 December 2021, the Consolidated entity announced to the Australian Stock Exchange Limited that it had entered into an agreement with Earth Mountain (Shanghai) Intelligent Technology Co., Limited to mass produce Audio Pixels' transformational digital loudspeaker products.

On 29 December 2022, the parent entity entered into a pre-production packaged chip purchase order with Earth Mountain (Shanghai) Intelligent Technology Co., Ltd for US$400,000 which is shown as a prepayment in the financial statements as at 31 December 2022. On the basis that these initial pre-production packaged chips meet all the design specifications by 30 June 2023, the parent company has committed a further US$9,600,000 for fully tested packaged production chips at a unit price to be finalised based on actual yields.

Entities within the consolidated entity are involved with contractual disputes in the normal course of contracting operations. The directors believe that the entities within the consolidated entity can settle any contractual disputes with suppliers and should any supplier commence legal proceedings against the company, the directors believe that any actions can be successfully defended. As at the date of this report no legal proceedings have been commenced against any entity within the consolidated entity.

29. Additional company information

Audio Pixels Holdings Limited is a listed public company, incorporated and operating in Australia.

Registered Office and Principal Place of Business

Suite 3, Level 12
75 Elizabeth Street
Sydney NSW 2000
Australia
Tel: (02) 9233 3915
Fax: (02) 9232 3411
www.audiopixels.com.au

The Company has 13 (2021: 15) employees.

AUDIO PIXELS HOLDINGS LIMITED
ACN 094 384 273

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

HOME EXCHANGE

The Company's ordinary shares are quoted on the Australian Stock Exchange Limited under the trading symbol "AKP". The Home Exchange is Sydney. The Company also has a Level 1 American Depositary Receipts (ADR) program and quotation on the OTC market in the United State of America under the code "ADPXY.

SUBSTANTIAL SHAREHOLDERS

At 20 March 2023 the following substantial shareholders were registered:

	Ordinary Shares	Percentage of total Ordinary Shares
Fred Bart Group	5,819,122	20.04%
Link Traders (Aust) Pty Ltd	1,970,588	6.78%
Lee Ka Lau	1,537,374	5.29%

VOTING RIGHTS

At 20 March 2023 there were 2,375 holders of fully paid ordinary shares.

Rule 74 of the Company's Constitution stipulates the voting rights of members as follows:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares and to this Constitution:

(a) on a show of hands every person present in the capacity of a Member or a proxy, attorney or representative (or in more than one of these capacities) has one vote; and

ASX ADDITIONAL INFORMATION (Cont)

(b) On a poll every person present who is a Member or proxy, attorney or representative has member present has:

(i) For each fully paid share that the person holds or represents – one vote; and

(ii) For each share other than a fully paid share that the person holds or represents – that proportion of one vote that the amount paid (not credited) on the shares bears to the total amount paid and payable on the share (excluding amounts credited)."

OTHER INFORMATION

In accordance with Listing Rule 4.10.19, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

DISTRIBUTION OF SHAREHOLDINGS

At 20 March 2023 the distribution of ordinary shareholdings were:

Range	Ordinary Shareholders	Number of Shares	Percentage of Shares
1-1,000	1,373	466,283	1.61%
1,001 – 5,000	575	1,443,415	4.97%
5,001 – 10,000	196	1,546,550	5.32%
10,001 – 100,000	194	5,136,707	17.69%
100,001 and over	37	20,451,787	70.41%
	2,375	29,044,742	100.00%

There were 61 ordinary shareholders with less than a marketable parcel.

There is no current on-market buy-back.

AUDIO PIXELS HOLDINGS LIMITED
ACN 094 384 273

TWENTY LARGEST ORDINARY SHAREHOLDERS

At 20 March 2023 the 20 largest ordinary shareholders held 62.52% of the total issued fully paid quoted ordinary shares of 29,044,742.

Shareholder	Fully Paid Ordinary Shares	Percentage of Total
1. N & J Properties Pty Limited	3,565,000	12.27%
2. Altshuler Shaham Trusts Ltd	2,872,197	9.89%
3. BNP Paribus Nominees Pty Ltd	1,865,481	6.42%
4. Link Traders (Aust) Pty Limited	1,834,523	6.32%
5. Citicorp Nominees Pty Limited	1,017,842	3.50%
6. Frederick Bart	874,325	3.01%
7. Bart Superannuation Pty Limited	782,777	2.70%
8. James John Bart	716,143	2.47%
9. Kam Superannuation Fund Pty Limited	650,000	2.24%
10. HSBC Custody Nominees (Australia) Limited	621,731	2.14%
11. Jamber Investments Pty Ltd	610,000	2.10%
12. Cheryl Bart	500,000	1.72%
13. Arvada Pty Limited	387,000	1.33%
14. Emichrome Pty Limited	353,843	1.22%
15. Brent McCarty, Yvonne McCarty and Zeljan Unkovich	304,014	1.05%
16. Decante Pty Ltd	300,000	1.03%
17. Brigadier Pty Limited	257,600	0.89%
18. Nicole Bart	250,000	0.86%
19. Norlip Pty Ltd	207,600	0.71%
20. BNP Paribus Nominees Pty Ltd	189,507	0.65%
	18,159,583	62.52%