

Activity Statement for the Quarterly Cash Report to 30 June 2024

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

As has been extensively reported, the company's primary technical objectives and milestones are currently focused on the fabrication and characterization of MEMS GEN-II chips. As has been previously described, a number of novel design elements have been incorporated into MEMS GEN-II chip design, that are forecast to provide substantially higher sound pressure (SPL or "loudness") when compared to MEMS GEN-I.

As has been reported our pioneering SPL design elements introduced into the design of MEMS GEN-II required certain adjustments to the fabrication processes that have so far proven to be considerably more challenging than originally anticipated by the fabs.

Our vendor EarthMountain has and continues to spare no effort or expense working with the fabs to overcome these fabrication challenges and establish a reliable mass production process flow. In recent months that have achieved significant progress and currently anticipates being able to begin shipping device characterization wafers from all 3 fabs during the month of August.

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

Payments to related entities

The amounts included in Item 6.1 of \$52,922 include directors' fees and superannuation paid to non-executive directors or entities associated with non-executive directors of \$37,740. Interest was paid in cash on the convertible note to 4F Investments Pty Limited (a company associated with Fred Bart) during the quarter amounting to \$15,182.

Unsecured loans

During the quarter ending 30 June 2024, 4F Investments Pty Limited (a company associated with the Chairman - Fred Bart) provided an additional \$1,818,000 in unsecured loans. This took the balance of the unsecured loan between 4F Investments Pty Limited and the Company to \$4,937,988. This unsecured loan facility attracts an interest rate of 12% and is repayable when the Company undertakes a capital raise.

Funding

The Company is in the process of securing additional short-term funding to meet its working capital requirements over the next quarter until it is in a position to demonstrate the MEMS GEN-II Chip. The timing of securing additional funds will also be subject to market conditions prevailing at the time and is expected to be coordinated with the demonstration of the MEMS GEN-II wafers and chips.

ASX Suspension

The Company's shares remain in suspension from trading on the ASX. The Company is exploring the best options for raising capital on receipt of the GEN II chip from Earth Mountain to address the going concern issue raised in the Appendix 4E that resulted in the suspension.

Annual general Meeting Date

The Company is planning on holding its Annual General Meeting late September - early October 2024 and will release a Notice of Meeting in due course confirming the details.

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

Appendix 4C

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

Name of entity

AUDIO PIXELS HOLDINGS LIMITED

ABN

98 094 384 273

Quarter ended ("current quarter")

30 JUNE 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(863)	(1,810)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(77)	(156)
(f) administration and corporate costs	(375)	(609)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(150)	(376)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1,465)	(2,951)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(5)	(97)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(5)	(97)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	1,818	1,968
3.6	Repayment of borrowings	(450)	(450)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of lease liabilities	(66)	(66)
3.10	Net cash from / (used in) financing activities	1,273	1,357

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	755	2,279
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,465)	(2,951)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(97)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,273	1,357
4.5	Effect of movement in exchange rates on cash held	(16)	(14)
4.6	Cash and cash equivalents at end of period	574	574

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	574	755
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	574	755

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	53
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
The amount included in Item 6.1. includes directors fees and superannuation paid to entities associated with the non-executive directors of \$37,740 and interest paid to 4F Investments Pty Ltd (a company controlled by Fred Bart) of \$15,182.		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,000	4,938
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,000	4,938
7.5	Unused financing facilities available at quarter end		62
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	This is an unsecured loan facility provided by 4F Investments Pty Ltd (a company controlled by Fred Bart). Interest is payable at 12%p.a. and will be repaid		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,465)
8.2	Cash and cash equivalents at quarter end (item 4.6)	574
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	574
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	-0.39
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Yes	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Yes. In order to sustain the anticipated level of R&D activities, additional funding will be required within the next 12 months. The precise timing, method and quantum of the additional funding to be secured remains subject to ongoing review and discussions between the Board as well as its advisers and potential funders. The timing of securing additional funds will also be subject to market conditions prevailing at the time and is expected to be coordinated with the demonstration of the MEMS GEN-II wafers and chips.	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. The Company is in the process of securing additional short-term funding to meet its working capital requirements over the next quarter until it is in a position to demonstrate the GEN-II Chip.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

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

Date: 31 July 2024

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

Notes

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