

June 2025 Quarterly Activities Report and Appendix 4C

MEMS Fabrication Process Status

In our ongoing efforts to advance our proven Digital Sound Reconstruction technologies toward mass production, we are pleased to provide this transparent update on the current status of our MEMS fabrication process.

Key Progress and Findings

Over the past several months, we have made significant progress in bringing our Digital Sound Reconstruction technology closer to the commercial product we all envision. Most of the critical steps in building our custom-designed, precision-engineered MEMS wafers have now been completed.

After these steps, we performed comprehensive evaluations and discovered that one particular process, involving a key wafer bonding step did not meet the required standards.

In MEMS development, the integrity of certain process steps can only be fully assessed after the final “Release” stage, where sacrificial layers are etched away to free the moving MEMS elements. It is only at this stage that some latent defects or inconsistencies become visible.

While the delivery of the initial GEN-II wafers remains an important milestone, it is equally critical that our wafers are fabricated using a robust, reliable, and repeatable fabrication process that will enable the company to deploy volume manufacturing at any qualified global MEMS foundry of our choosing.

In close collaboration with our manufacturing partners, we have gone back to implement certain changes to the fabrication process to ensure our MEMS structures meet our strict standards for reliability, yield, and performance. Our development partner’s revised schedule indicates that the first wafers will now be completed by the end of August.

The accompanying GEN-II ASIC, new chip packaging, advanced electronics, functional and system software components all remain on schedule.

We appreciate your ongoing support as we advance toward commercialization and will continue to keep you informed at each key milestone.

Payments to related parties

The amounts included in Item 6.1 of \$45,500 include directors’ fees and superannuation paid to non-executive directors or entities associated with non-executive directors of \$37,739. 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 \$7,761.

Unsecured loans

No additional unsecured loan funds were received during the quarter from 4F Investments Pty Limited (a company associated with the Chairman - Fred Bart) The principal balance of the unsecured loan between 4F Investments Pty Limited and the Company remains at \$5,582,988. This unsecured loan facility attracts an interest rate of 12% (capitalised until repayment of the loan facility) and is repayable when the Company undertakes a capital raise.

ASX Suspension

The Company's shares remain in suspension from trading on the ASX. The Company is in the process of providing the ASX additional information required to lift the suspension, including:

- Current operational business model;
- Proforma balance sheet;
- Borrowings and repayments schedules;
- Confirmation all report lodgments are up to date;
- All appendix 2A/3G up to date;
- Confirmation all Listing Rule 3.1 obligations have been met; and
- Confirmation of Listing Rule 12.1 compliance.

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

31 July 2025

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 2025

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	(1,006)	(2,405)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(83)	(183)
(f) administration and corporate costs	(397)	(781)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	40	82
1.5 Interest and other costs of finance paid	(137)	(259)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1583)	(3,546)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(96)
(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	-	(96)

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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of lease liabilities	(10)	(21)
3.10	Net cash from / (used in) financing activities	(10)	(21)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,388	6,453
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,583)	(3,546)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(96)

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)	(10)	(21)
4.5	Effect of movement in exchange rates on cash held	21	26
4.6	Cash and cash equivalents at end of period	2,816	2,816

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	2,316	1,888
5.2	Call deposits	500	2,500
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)	4,388	4,388

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	46
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
The amount included in Item 6.1. includes directors fees and superannuation paid to entities associated with the non-executive directors of \$36,043 and interest paid to 4F Investments Pty Ltd (a company controlled by Fred Bart) of \$7,591.		

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	5,583	5,583
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	12,500	12,500
7.4	Total financing facilities	18,083	18,083
7.5	Unused financing facilities available at quarter end		-
7.6	<p>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.</p> <p>The \$5,583,000 is an unsecured loan facility provided by 4F Investments Pty Ltd (a company controlled by Fred Bart). Interest is payable at 12%p.a. capitalised until maturity. Maturity date 31 December 2025.</p> <p>The \$12,500,000 relates to convertible notes issued May 2023, November 2023, September 2024 and December 2024. These notes have a maturity date of 31 December 2025, are unsecured and attract an interest rate of 12%p.a. The notes are convertible to shares at \$9.04 (or a lower price if the Company undertakes a placement of ordinary shares at any time prior to the expiry date). The notes have a conversion price floor of \$5.00.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,583)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,816
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,816
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.78
	<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 6 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 has sufficient working capital to continue operations for the next six months, and during this time the Company intends to raise additional capital to meet its business objectives once it is in a position to demonstrate the MEMS GEN-II wafers and chips.

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 2025

Authorised by: The Chairman
(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.