

Half-Year Report of Audio Pixels Holdings Limited for the Half-Year Ended 30 June 2025

ACN 094 384 273

*This Half-Year Report is provided to the Australian Stock
Exchange (ASX) under ASX Listing Rule 4.2A.3.*

Current Reporting Period: Half-year ended 30 June 2025

Previous Corresponding Period: Half-year ended 30 June 2024

AUDIO PIXELS HOLDINGS LIMITED

Appendix 4D

Revenue and Net Profit/(Loss)

		Percentage Change %	Amount
Revenue/(Expense) from ordinary activities	up	313%	To \$83,186
(Loss) from ordinary activities after tax attributable to members	down	N/A	To (\$7,206,229)
Net (loss) attributable to members	down	N/A	To (\$7,206,229)

Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend	Nil¢	Nil¢
Interim dividend	Nil¢	Nil¢
Record date for determining entitlements to the dividend:		
• final dividend		N/A
• interim dividend		N/A

Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

Refer to Directors' Report.

Net tangible assets

	Reporting period \$ per share	Previous period \$ per share
Net tangible asset per ordinary security	(0.60)	(0.29)

AUDIO PIXELS HOLDINGS LIMITED

Directors Report

The directors of Audio Pixels Holdings Limited (the Company) and its controlled entities (the Group) submit herewith the financial report for the half-year ended 30 June 2025. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the directors of the Company during or since the end of the half year are:

Mr Fred Bart (Chairman)
Ms Cheryl Bart AO
Mr Shawn van Boheemen

PRINCIPAL ACTIVITIES

During the reporting period there were no significant changes in the nature of the Company's principal activities which were predominately focused on the refinement of the fabrication processes required to mass produce a commercial version of the Company's proven ground-breaking MEMS based digital loudspeaker.

Audio Pixels is a world leader in the digital transformation of sound reproduction; combining the emergence of a multibillion-dollar MEMS device industry together with the multibillion-dollar loudspeaker market that has over the course of a century become an indispensable fixture of daily life throughout a myriad of industries and applications.

REVIEW OF OPERATIONS

This reporting period has been one of meaningful progress, as the Company continues to align its technical achievements with the core mission of bringing our ground-breaking Digital Sound Reconstruction (DSR) platform to commercial readiness.

Our efforts this period have centered on strengthening the technical foundations for scalable mass production — ensuring not only the ability to produce functional chips today, but also the capacity to manufacture them reliably and efficiently across qualified global MEMS foundry partners in the future.

A primary focus has been the refinement of our MEMS fabrication process, which lies at the heart of our technology. Most of the critical steps in producing our proprietary MEMS wafers have now been successfully completed. Importantly, corrective measures implemented to address a bonding issue have proven effective, providing confidence that our wafers will meet the stringent standards required for performance, reliability, and production yield.

AUDIO PIXELS HOLDINGS LIMITED

Directors Report

Test and measurement results from recently delivered wafers confirm that the Company's independent process development has successfully established a robust and reliable fabrication process flow that meets the product's demanding specifications and, in several critical areas, achieves performance levels previously considered beyond the practical limits of conventional MEMS manufacturing. This milestone confirms that production of the Company's devices is not only feasible but well within operational reach. Accordingly, instructions have already been issued to the fabrication partner to advance additional wafers through the now-established process flow.

The Company's focus has now shifted to quantifying acoustic performance. Precise acoustic measurements at the wafer level is inherently complex, particularly when testing is conducted on bare wafers that have not yet undergone back-end processes (final metallisation, passivation and singulation). In this state, devices cannot be acoustically evaluated using the Company's existing wafer probers, nor can they be acoustically evaluated using test methods typically employed for packaged devices.

Beyond technical progress, the Company has further strengthened its position by expanding its already vast patent portfolio with the addition of four critical system-level patents. At the same time, during the reporting period we have implemented cost-cutting measures, including targeted reductions in staff and consultancy expenses, ensuring that resources are preserved without disrupting near-term objectives.

Financial summary

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. 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 utilising unsecured loans from related parties and convertible notes. 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.

Cash Position

The Company has adequate funding to support its anticipated cash outflows for the 12 months post the signing of this financial report. This has been achieved through the following:

- 4F Investments Pty Limited (a Company associated with the Chairman Fred Bart) has agreed to provide an additional unsecured loan facility of up to \$6 million over the next twelve months, to be funded progressively as required. This additional unsecured loan facility is held with Audio Pixels and will be converted into convertible notes with attaching options (subject to shareholder approval). This and any additional funding provided by 4F Investments will be secured via a charge over the intellectual property assets of the Company once approved at the next meeting of shareholders to comply with ASX listing rule 10.1.

AUDIO PIXELS HOLDINGS LIMITED

Directors Report

If the next delivery of packaged chips fails to meet testing specifications or the Company fails to re-list on the ASX within 120 days, 4F Investments Pty Limited has the option to cease funding the Company.

- Convertible noteholders with face value of \$12.5 million have agreed to extend the maturity date to 31 January 2027.

Summary

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 half year.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the half-year financial report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Fred Bart
Director
Sydney, 30 January 2026

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF AUDIO PIXELS HOLDINGS LIMITED AND CONTROLLED ENTITIES

As lead engagement partner for the review of Audio Pixels Holdings Limited for the period ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



Gery Bicos
Partner – Audit and Assurance
[Moore Australia Audit \(VIC\)](#)
Melbourne, Victoria
30 January 2026

Moore Australia
Moore Australia Audit (VIC)
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Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUDIO PIXELS HOLDINGS LIMITED

Conclusion

We have reviewed the half-year financial report of Audio Pixels Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2025, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a consolidated loss of \$7,206,229 and reported negative cash outflows from operations of \$3,425,231 during the period and as of that date, the Group's current liabilities exceeded its current assets by \$18,238,706. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Gery Bicos
Partner – Audit and Assurance
[Moore Australia Audit \(VIC\)](#)
Melbourne, Victoria
30 January 2026

Moore Australia
Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants

AUDIO PIXELS HOLDINGS LIMITED

Directors' Declaration

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that 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 giving a true and fair view of the financial position as at 30 June 2025 and the performance for the half year ended on that date of the consolidated entity; and
- c) complying with Accounting Standard AASB 134 – Interim Financial Reporting and the *Corporations Regulations 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Fred Bart
Director
Sydney, 30 January 2026

AUDIO PIXELS HOLDINGS LIMITED

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 30 June 2025

	Note	Consolidated Half-year ended 30 June 2025 \$	Consolidated Half-year ended 30 June 2024 \$
Income/(expense)	2(a)	52,388	(38,999)
Fair value gain on financial assets at FVPL		30,798	-
		83,186	(38,999)
Administrative expenses		(598,076)	(691,778)
Depreciation		(165,172)	(220,221)
Directors' benefits		(75,478)	(75,480)
Exchange (losses)/gains		(113,199)	(6,922)
Interest expense		(2,513,154)	(865,783)
Gain on modification of convertible notes		-	370,333
(Loss)/gain in fair value of derivative liability		(141,000)	201,000
Research and development		(3,010,878)	(1,776,504)
Share based payments		(672,458)	(68,927)
(Loss) before income tax expense	2	(7,206,229)	(3,173,281)
Income tax expense		-	-
(Loss) for the period	3	(7,206,229)	(3,173,281)
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Exchange differences arising on translation of foreign operations		17,127	(30,400)
<i>Items that will not be reclassified subsequently to profit and loss:</i>			
Capital contribution reserve		-	992,863
Other comprehensive (loss) for the period (net of tax)		17,127	962,463
Total Comprehensive (loss) for the period		(7,189,102)	(2,210,818)
(Loss) attributable to:			
Owners of the company		(7,206,229)	(3,173,281)
Total comprehensive (loss) attributable to:			
Owners of the company		(7,189,102)	(2,210,818)
(Loss) per share:			
Basic (cents per share)	4	(24.67 cents)	(10.86 cents)
Diluted (cents per share)	4	(24.67 cents)	(10.86 cents)

Notes to the financial statements are included on pages 15 to 24.

AUDIO PIXELS HOLDINGS LIMITED

Condensed Consolidated Statement of Financial Position as at 30 June 2025

	Note	Consolidated 30 June 2025 \$	Consolidated 31 Dec 2024 \$
Current Assets			
Cash and cash equivalents		2,316,792	5,452,690
Financial assets held at fair value through P&L		517,648	1,000,000
Trade and other receivables		221,505	256,965
Prepayments		33,103	618,039
Total Current Assets		3,089,048	7,327,694
Non-Current Assets			
Right of use asset		36,082	52,915
Plant and equipment		608,409	698,679
Trade and other receivables		8,584	13,994
Total Non-Current Assets		653,075	765,588
Total Assets		3,742,123	8,093,282
Current Liabilities			
Trade and other payables		1,875,527	1,901,620
Lease liabilities		32,687	31,544
Convertible notes	9	13,094,454	11,457,305
Unsecured loans	10	5,946,183	5,188,353
Provisions for employee benefits		378,903	571,280
Total Current Liabilities		21,327,754	19,150,102
Non-Current liabilities			
Lease liabilities		1,518	17,106
Provisions for employee benefits		29,709	26,288
Total Non-Current Liabilities		31,227	43,394
Total Liabilities		21,358,981	19,193,496
(Deficiency in Net Assets)		(17,616,858)	(11,100,214)
Equity			
Issued capital	6	80,067,610	80,067,610
Reserves	7	(15,586,194)	(16,275,779)
Accumulated losses	3	(82,098,274)	(74,892,045)
Total Equity		(17,616,858)	(11,100,214)

Notes to the financial statements are included on pages 15 to 24.

AUDIO PIXELS HOLDINGS LIMITED

Condensed Consolidated Statement of Changes in Equity for the half-year ended 30 June 2025

	Issued Capital \$	Equity Settled Share Option Reserve \$	Foreign Currency Translation Reserve \$	Minority Acquisition Reserve \$	Capital Contribution Reserve \$	Accumulated Losses \$	Total \$
Consolidated							
Balance at 1 January 2025	80,067,610	14,386,256	(6,373,995)	(25,538,692)	1,250,652	(74,892,045)	(11,100,214)
(Loss) for the period	-	-	-	-	-	(7,206,229)	(7,206,229)
Other comprehensive gain for the period	-	-	17,127	-	-	-	17,127
Total comprehensive (loss) income for the period	-	-	17,127	-	-	(7,206,229)	(7,189,102)
Recognition of share based payments – employee options	-	22,598	-	-	-	-	22,598
Recognition of Share based payments – options issued	-	649,860	-	-	-	-	649,860
Balance at 30 June 2025	80,067,610	15,058,714	(6,356,868)	(25,538,692)	1,250,652	(82,098,274)	(17,616,858)
Balance at 1 January 2024	80,067,610	12,925,519	(6,344,865)	(25,538,692)	-	(66,721,507)	(5,611,935)
(Loss) for the period	-	-	-	-	-	(3,173,281)	(3,173,281)
Other comprehensive gain/(loss) for the period	-	-	(30,400)	-	992,863	-	962,463
Total comprehensive (loss) income for the period	-	-	(30,400)	-	992,863	(3,173,281)	(2,2010,818)
Recognition of share based payments – employee options	-	68,927	-	-	-	-	68,927
Balance at 30 June 2024	80,067,610	12,994,446	(6,375,265)	(25,538,692)	992,863	(69,894,788)	(7,753,826)

Notes to the financial statements are included on pages 15 to 24.

AUDIO PIXELS HOLDINGS LIMITED

Condensed Consolidated Cash flow statement for the half-year ended 30 June 2025

	Consolidated Half-year ended 30 June 2025 \$	Consolidated Half-year ended 30 June 2024 \$
<i>Cash Flows From Operating Activities</i>		
Payments to suppliers and employees	(3,260,973)	(2,661,804)
Interest received	88,155	7,887
Interest paid	(252,413)	(359,743)
Net cash (used in) operating activities	(3,425,231)	(3,013,660)
<i>Cash Flows From Investing Activities</i>		
Payment for plant and equipment	(95,244)	(96,708)
Proceeds from financial assets	500,000	-
Net cash provided by/(used in) investing activities	404,756	(96,708)
<i>Cash Flows From Financing Activities</i>		
Proceeds from unsecured loans	-	1,968,000
Repayment of lease liabilities	(20,777)	(113,414)
Repayment of convertible notes	-	(450,000)
Net cash (used in)/provided by financing activities	(20,777)	1,404,586
<i>Net (Decrease)/increase in Cash Held</i>	(3,041,252)	(1,705,782)
<i>Cash and cash equivalents at the beginning of the half-year</i>	5,452,690	2,279,051
<i>Effects of exchange fluctuations on the balance of cash held in foreign currencies</i>	(94,646)	359
<i>Cash and cash equivalents at the end of the half-year</i>	2,316,792	573,628

Notes to the financial statements are included on pages 15 to 24.

**Notes to the Condensed Consolidated Financial
Statements
for the half-year ended 30 June 2025**

1. Significant accounting policies

1 (a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 “Interim Financial Reporting”. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and any public announcements made by the company during the interim reporting period in accordance with continuous disclosure requirements under the *Corporations Act 2001*.

1 (b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of the historical cost convention except for revaluation of certain financial investments held at fair value through profit or loss. Cost is based on the fair values of the consideration given in exchange for assets. Except where indicated otherwise, all amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company’s 2024 annual financial report for the financial year ended 31 December 2024. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

1 (c) New Accounting Standards

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

New and revised AASB Standards on issue but not yet effective

As at the date of this Financial Report, there are a number of new accounting standards, amendments to or interpretations of accounting standards issued by the Australian Accounting Standards Board for which the mandatory application dates for the Group fall after the end of this current reporting year. None of these have been early adopted by the Group.

AASB 18 Presentation and Disclosure in Financial Statements will replace AASB 101 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though AASB 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive.

AUDIO PIXELS HOLDINGS LIMITED

Notes to the Condensed Consolidated Financial Statements for the half-year ended 30 June 2025

1. Significant accounting policies (cont)

New and revised AASB Standards on issue but not yet effective (cont)

Management is currently assessing the detailed implications of applying the new standard on the Company's consolidated financial statements.

1 (d) Prior Period Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements. Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified to conform with current period presentation.

1 (e) 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.

Convertible Note and Option Valuation

The convertible notes and associated options were externally valued during the reporting period. These valuations involved a number of estimates used in the valuation models, including the risk free interest rate and share volatility. The risk free interest rate is estimated based on the comparable yield on Commonwealth Bonds matching the assumed life of the convertible note and options. The share volatility is based on the historical volatility of the consolidated entity's shares and comparable entities. These valuation estimates can change over time, impacting the valuations of the convertible notes and options.

The options were valued at the end of the reporting period using the Black-Scholes options pricing model using a risk free interest rate of 3.3% and share volatility of 60%.

1 (f) Going Concern

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

AUDIO PIXELS HOLDINGS LIMITED

Notes to the Condensed Consolidated Financial Statements for the half-year ended 30 June 2025

1. Significant accounting policies (cont)

1 (f) Going Concern (cont)

As at 30 June 2025, the consolidated entity's current liabilities exceeded its current assets by \$18,238,706 (2024: \$11,822,408). In addition, the consolidated entity incurred a consolidated loss of \$7,206,229 (2024 half year loss: \$3,173,281) and used net cash used in operating activities of \$3,425,231 (2024 half year cash used in: \$3,013,660). As at 30 June 2025, the consolidated entity had cash of \$2,316,792 (2024: \$5,452,690) of which \$71,904 (2024: \$61,398) is restricted as it secures future lease payments. Together, these are indicators that a material uncertainty exists.

The consolidated entity has successfully been able to extend the maturity date of the convertible notes with a face value of \$12,500,000 to 31 January 2027.

The Group has prepared a cash flow forecast which extends 12 months from the date of signing these financial statements and indicates that the Group will have sufficient funds to meet its expenditure commitments for this period based on that forecast. Within this forecast are key uncertainties and assumptions, namely:

- 4F Investments Pty Limited (a Company associated with the Chairman Fred Bart) has agreed to provide an additional unsecured loan facility of up to \$6 million over the next twelve months, to be funded progressively as required. This additional unsecured loan facility is held with Audio Pixels and will be converted into convertible notes with attaching options (subject to shareholder approval). This and any additional funding provided by 4F Investments will be secured via a charge over the intellectual property assets of the Company once approved at the next meeting of shareholders to comply with ASX listing rule 10.1. If the next delivery of packaged chips fails to meet testing specifications or the Company fails to re-list on the ASX within 120 days, 4F Investments Pty Limited has the option to cease funding the Company.
- Continued base development spend to take the Company through to its next milestone pre-commercialisation;
- Assumes no outflows associated with any contingent liabilities;
- Assumes the level of development or operational spend is not expected to increase from that forecast during the forecast period; and
- Nominal expenditure profile for the period.

In the opinion of the directors, the ability of the consolidated entity to continue as a going concern is highly dependent upon the continued financial support from 4F and the successful progression of the next phases of chip development. Specifically, this includes the receipt and successful testing of the lead wafers and packaging-ready chips, which are essential for finalising the demonstration package, validating the technology's capability and securing commercial contracts. Additionally, further investment in the development of the current chip – beyond what is currently included in the forecast is required to achieve full-scale commercialisation. Should the consolidated entity be unable to secure ongoing support from 4F or fail to achieve successful outcomes in these critical development milestones, there is a significant risk that it may be unable to continue as a going concern. In such circumstances, the consolidated entity may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

AUDIO PIXELS HOLDINGS LIMITED

Notes to the Condensed Consolidated Financial Statements for the half-year ended 30 June 2025

1. Significant accounting policies (cont)

1 (f) Going Concern (cont)

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.

Further testing and enhancement of the technology is continuing as the consolidated entity works towards achievement of the demonstration milestone to begin the transition to volume production. Once this occurs the consolidated entity plans to commit further spend for fully tested packaged production chips.

	Consolidated Half-year to 30 June 2025 \$	Consolidated Half-year to 30 June 2024 \$
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2. (Loss) for the period

(Loss) from ordinary activities before income tax includes the following items of revenue and expense:

(a) *Income*

Interest income	68,560	7,887
Fair value gain on financial assets at FVPL	30,798	-
ATO – R&D tax incentive over accrual	(16,172)	(46,886)
Total income	<u>83,186</u>	<u>(38,999)</u>

(b) *Expenses*

Amortisation	-	-
Interest expense	2,513,154	865,783
Depreciation of plant and equipment and right of use assets	<u>165,172</u>	<u>220,221</u>

AUDIO PIXELS HOLDINGS LIMITED

**Notes to the Condensed Consolidated Financial
Statements
for the half-year ended 30 June 2025**

	Consolidated Half-year to 30 June 2025 \$	Consolidated Half-year to 30 June 2024 \$
3. Accumulated losses		
Balance at beginning of financial period	(74,892,045)	(66,721,507)
Net (loss) for the period	(7,206,229)	(3,173,281)
Balance at end of financial period	(82,098,274)	(69,894,788)

4. (Loss) Per Share

	2025 ¢ per share	2024 ¢ per share
Basic EPS	(24.67 cents)	(10.86 cents)
Diluted EPS	(24.67 cents)	(10.86 cents)

Basic (Loss) per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Half-year to 30 June 2025 \$	Half-year to 30 June 2024 \$
(Loss) (a)	(7,206,229)	(3,173,281)
	2025 No.	2024 No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	29,210,100	29,210,100

(a) Earnings used in the calculation of basic earnings per share is the same as net (loss) in the Statement of Profit and Loss and Other Comprehensive Income.

(b) There are potential ordinary shares to be issued in relation to the issue of 17,500 unlisted employee options issued on 1 December 2022 at an exercise price of \$14.00. These options expire on 1 December 2025.

AUDIO PIXELS HOLDINGS LIMITED

Notes to the Condensed Consolidated Financial Statements for the half-year ended 30 June 2025

4. (Loss) Per Share (cont)

(c) There are potential ordinary shares to be issued in relation to the issue of 110,000 unlisted employee options issued on 1 December 2022 at an exercise price of \$14.00. These options expire on 1 December 2026

(d) There are potential ordinary shares to be issued in relation to the 500,000 unlisted options issued to 4F Investments Pty Limited at an exercise price of \$7.59 issued on 31 May 2023 for a term of 3 years expiring on 30 May 2026.

(e) There are potential ordinary shares in relation to the 900,000 unlisted options issued at an exercise price of \$10.84 for a term of three years expiring on 4 May 2026.

(f) There are potential ordinary shares to be issued in relation to the issue of 1,690,000 unlisted options issued at an exercise price of \$10.84. These options expire on 4 May 2027.

(g) There are potential ordinary shares to be issued in relation to the issue of 1,116,598 unlisted options issued on 26 March 2025 at an exercise price of \$10.84. These options expire on 4 May 2027.

(h) The unlisted options above have not been included in dilutive EPS, as they are anti-dilutive.

5. Segment information

The Company acted as the parent company for its subsidiaries in the half year period ended 30 June 2025. The Company owns a 100% equity interest in Audio Pixels Technologies Pty Limited of Australia and Audio Pixels Limited of Israel. These subsidiaries are involved in the development of digital speakers. Accordingly, the directors are of the opinion that the consolidated entity operates in one segment.

AUDIO PIXELS HOLDINGS LIMITED

**Notes to the Condensed Consolidated Financial
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for the half-year ended 30 June 2025**

6. Share capital

	30 June 2025	31 December 2024
	\$	\$
Issued and paid up capital		
Fully paid Ordinary Shares		
Balance at the beginning of the financial period	80,067,610	80,067,610
Balance at the end of the financial period	<u>80,067,610</u>	<u>80,067,610</u>
Fully paid Ordinary Shares	Number	Number
Balance at the beginning of the financial period	29,210,100	29,210,100
Balance at the end of the financial period	<u>29,210,100</u>	<u>29,210,100</u>

7. Reserves

	30 June 2025	31 December 2024
	\$	\$
Minority acquisition reserve	(25,538,692)	(25,538,692)
Equity settled share option reserve	15,058,714	14,386,256
Foreign currency translation reserve	(6,356,868)	(6,373,995)
Capital contribution reserve	<u>1,250,652</u>	<u>1,250,652</u>
	<u>(15,586,194)</u>	<u>(16,275,779)</u>

8. Related party transactions

During the period, the Company paid a total of \$54,668 (2024 half year 2024: \$54,668) 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 half-year period ended 30 June 2025, the Company paid rental expenses of \$20,258 to Bedding NSW Pty Limited, a company controlled by Fred Bart.

AUDIO PIXELS HOLDINGS LIMITED

Notes to the Condensed Consolidated Financial Statements for the half-year ended 30 June 2025

8. Related party transactions (cont)

The Company has an unsecured loan facility with 4F Investments Pty Limited, a company associated with Mr Fred Bart, totalling \$5,946,183 at an interest rate of 12%. The loan is repayable in two components as follows:

- a) \$969,988 is due for repayment on receipt of the placement monies of A\$4,316,550 (US\$3m) from Earth Mountain, or another capital raising; and
- b) The balance is payable on completion of a capital raise by the Company.

Interest on the 4F Investments unsecured loan facility has been accrued in the financial statements at 30 June 2025 of \$757,830 (2024 half year: \$189,826). The expiry date of this loan agreement is 31 December 2025, with all accrued interest to be capitalised until the end of the loan term.

4F investments has the option of converting the unsecured loan facility including capitalised interest to shares on the same terms as the convertible note holders, being a conversion price of \$9.04 (or lower if the Company undertakes a placement of ordinary shares at a lower price at any time until the maturity date, with a conversion price floor of \$5.00).

At the AGM held on 26 March 2025, the shareholders approved the issue of 1,116,598 unlisted options to 4F Investments Pty Limited, a company controlled by the Chairman, Fred Bart. These options were issued in consideration of the ongoing financial support provided by 4F Investments Pty Limited through the unsecured loan facility, and are offered on the same terms as offered to the convertible note subscribers. These options have an exercise price of \$10.84 with an expiry date of 4 May 2027. The number of options has been calculated on the \$5,582,988 principal balance owing to 4F Investments Pty Limited, based on 50,000 options for each \$250,000 of unsecured loan principal outstanding (pro-rata). These options were issued and vested immediately after shareholder approval was received, as the only relate to the loan facility and are not employment related. Included in the condensed consolidated statement of profit or loss and other comprehensive income was a share based expense of \$649,860.

AUDIO PIXELS HOLDINGS LIMITED

**Notes to the Condensed Consolidated Financial
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for the half-year ended 30 June 2025**

9. Convertible notes

The face value of the convertible notes outstanding as at 30 June 2025 is \$12,500,000.

These Convertible Notes mature on 31 December 2025 are unsecured, unlisted and attract an interest rate of 12% per annum payable quarterly in arrears and convertible into ordinary shares at \$9.04, based on the five-day volume weighted average share price of Audio Pixels Holdings Limited on the date of the agreement, unless a share capital raise is undertaken at a lower price. These notes have a conversion price floor of \$5.00.

	30 June 2025	31 December 2024
	\$	\$
Borrowings - Convertible notes		
Carrying amount at start of period	10,738,305	4,639,037
Face value of notes issued	-	8,450,000
Face value of notes redeemed	-	(450,000)
Face value of notes cancelled	-	(500,000)
Convertible notes conversion feature on issue	-	(573,000)
Value of options issued taken to equity settled share option reserve	-	(1,290,000)
	10,738,305	10,276,037
Add – convertible note finance charges	1,742,105	1,102,538
Less – cash interest paid on convertible notes	(245,956)	-
Add – Loss on initial recognition of convertible notes (equity component)	-	71,000
Less – Net gain arising on the modification of convertible notes	-	(711,270)
	12,234,454	10,738,305
Derivative liability		
Carrying value at start of the period	719,000	282,000
Fair value of the convertible note feature at issue	-	573,000
Fair value movement on modification of the convertible notes	-	237,000
Fair value movement to the end of the reporting period	141,000	(373,000)
	860,000	719,000
Total current liability	13,094,454	11,457,305
Face value of convertible notes	12,500,000	12,500,000

AUDIO PIXELS HOLDINGS LIMITED

Notes to the Condensed Consolidated Financial Statements for the half-year ended 30 June 2025

10. Unsecured loans

	30 June 2025 \$	31 December 2024 \$
4F Investments Pty Limited – related party of director:		
Face value of unsecured loans	5,188,353	5,582,988
Discount taken to capital contribution reserve	-	(1,250,652)
Add finance charges amortisation	757,830	856,017
Carrying value of unsecured loans	<u>5,946,183</u>	<u>5,188,353</u>

The Company has an unsecured loan facility with 4F Investments Pty Limited, a company associated with Mr Fred Bart, totalling \$5,946,183 at an interest rate of 12% at 30 June 2025. The loan is repayable in two components as follows:

- \$969,988 is due for repayment on receipt of the placement monies of A\$4,316,550 (US\$3m) from Earth Mountain or upon the Company undertaking a capital raising.
- The balance is repayable on the Company undertaking a capital raising.

Interest has been accrued in the financial statements at 30 June 2025 of \$757,830 (31 December 2024: \$520,242). The unsecured loan facility has a maturity date of 30 April 2027, and 4F Investments has the option of converting the loan facility including capitalised interest to shares on the same terms as the convertible note holders, being a conversion price of \$9.04 (or lower if the Company undertakes a placement of ordinary shares at a lower price at any time until the maturity date, with a conversion price floor of \$5.00).

11. Subsequent events

Subsequent to the end of the financial year, the Company issued \$1.25m in convertible notes with a maturity date of 31 January 2027, on the same terms and conditions as the existing convertible notes on issue. Further, the Company has successfully been able to extend the maturity date of the convertible notes with a face value of \$12,500,000 to 31 January 2027.

4F Investments Pty Limited (a Company associated with the Chairman Fred Bart) has agreed to provide an additional unsecured loan facility of up to \$6 million over the next twelve months, to be funded progressively as required. This additional unsecured loan facility held with Audio Pixels and will be converted into convertible notes with attaching options (subject to shareholder approval). This and any additional funding provided by 4F Investments will be secured via a charge over the intellectual property assets of the Company once approved at the next meeting of shareholders to comply with ASX listing rule 10.1.

If the next delivery of packaged chips fails to meet testing specifications or the Company fails to re-list on the ASX within 120 days, 4F Investments Pty Limited has the option to cease funding the Company.

The Directors are not aware of any significant subsequent events since the end of the financial period and up to the date of this report.

AUDIO PIXELS HOLDINGS LIMITED
**Notes to the Condensed Consolidated Financial
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for the half-year ended 30 June 2025

12. Contingent Liabilities and Commitments

At 30 June 2025 the subsidiary company, Audio Pixels Limited of Israel has entered into agreements with strategic suppliers for delivery of certain components which on delivery of components meeting the required specifications of the Consolidated entity will result in final payments being due of \$763,359 (31 December 2024: \$767,460).

As at the date of this report no legal proceedings have been commenced against any entity within the consolidated entity.

AUDIO PIXELS HOLDINGS LIMITED

Information on Audit or Review

This half yearly report is based on accounts to which one of the following applies.

- | | |
|---|---|
| <input type="checkbox"/> The accounts have been audited. | <input checked="" type="checkbox"/> The accounts have been subject to review. |
| <input type="checkbox"/> The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> The accounts have not yet been audited or reviewed. |

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

Not applicable

Description of dispute or qualification if the accounts have been audited or subjected to review.

Not applicable

AUDIO PIXELS HOLDINGS LIMITED

Corporate Directory

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Cheryl Bart AO
Shawn van Boheemen

Company Secretary

Shawn van Boheemen

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