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Breaking the Barriers of Sound

30 July 2020

Activity Statement for the Quarterly Cash Report to 30 June 2020

During the quarter ended 30 June 2020, the Company progressed in its aim to produce high quality digital speakers during the September 2020 quarter.

The detailed activities of the Company were presented at the Virtual Annual General Meeting held on 26 May 2020.

Since the Annual General Meeting, a total of 23 wafers containing simplified and full structures have been advanced by the vendor to completion. These wafers include the necessary metal layers required for chip assembly and packaging. Simultaneously the Company has completed multiple versions of autonomous electronics controls intended for use in sampling our packaged devices, independently of our wafer prober and outside of our cleanroom.

Concurrently the company has completed development of a highly advanced measurement tool that enables precision measurement and subsequent algorithmic synchronisation to further maximize the devices acoustic output.

The Company's testing capabilities have been partially restricted since the introduction of COVID-19 restrictions in Israel.

On 24 July 2020, the Company announced a placement to institutional and sophisticated investors of 396,943 new ordinary shares at a price of $17.32 raising some $6.8m.

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

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Appendix 4C

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

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Name of entity	
AUDIO PIXELS HOLDINGS LIMITED	
ABN	**Quarter ended ("current quarter")**
98 094 384 273	30 JUNE 2020

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	21	55
1.2	Payments for		
	(a) research and development	(1,249)	(2,483)
	(b) product manufacturing and operating costs	-	
	(c) advertising and marketing		-
	(d) leased assets	-	-
	(e) staff costs	(127)	(255)
	(f) administration and corporate costs	(157)	(292)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	13
1.5	Interest and other costs of finance paid	(5)	(11)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	32	32
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,483)**	**(2,941)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(4)	(73)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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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**	**(4)**	**(73)**

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	(105)	(163)
3.10	**Net cash from / (used in) financing activities**	**(105)**	**(163)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,311	5,823
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,483)	(2,941)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(73)

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)	(105)	(163)
4.5	Effect of movement in exchange rates on cash held	(63)	10
4.6	**Cash and cash equivalents at end of period**	**2,656**	**2,656**

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	377	614
5.2	Call deposits	2,279	3,697
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)**	**2,656**	**4,311**

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	45
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 $37,320 and consulting fees paid to entities associated with non-executive directors of $7,500

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,483)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,656
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,656
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.79

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.

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: On 20 July 2020, the company announced that it had agreed to place 396,943 ordinary shares at a price of $17.32 raising $6.875m. The shares were issued on 24 July 2020

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

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.

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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: 30 July 2020

Authorised by: Ian Alistair Dennis - Director
(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 – eg 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.

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