

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

Report on the Audit of the Financial Report

Disclaimer of Opinion

We have been engaged to audit the financial report of Audio Pixels Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information and other explanatory information, and the directors' declaration.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to enable us to provide a basis for an audit opinion as to whether the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Disclaimer of Opinion

We draw attention to Note 1(d) of the financial report, which indicates the Group incurred a loss of \$14,614,491 and reported negative net cash flows from operating activities of \$5,064,542 for the year ended 31 December 2023. In addition, the Group had net current liabilities of \$6,327,760 and a net asset deficiency of \$5,611,935 as at 31 December 2023 and Note 1(d) indicates that the Group's available net working capital will be consumed during April 2024.

The circumstances as at the date of signing this report are such that we have not been able to obtain sufficient appropriate audit evidence as to whether the Group will be able to achieve successful outcomes in relation to the initiatives/actions detailed in Note 1(d). These conditions, along with other matters as set out in Note 1(d), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, and therefore, whether it will be able to realise its assets and discharge its liabilities in normal course of business and at the amounts stated in the financial report.

The consolidated statement of financial position includes trade and other receivables, plant and equipment, prepayments and right-of-use assets which are expected to be realised in future years. The ability of the Group to recover the carrying values of these assets is dependent upon the Group successfully achieving the initiatives/actions detailed in Note 1 (d) and the Group continuing as a going concern.

Given the above, the uncertainties outlined above are so material and pervasive to the financial report that we are unable to express an opinion on the financial report taken as a whole.

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 responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on the financial 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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the Directors' Report for the year ended 31 December 2023.


In our opinion, the Remuneration Report of Audio Pixels Holdings Limited, for the year ended 31 December 2023, 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



Chris Biermann

Partner

Chartered Accountants

Melbourne, 28 March 2024