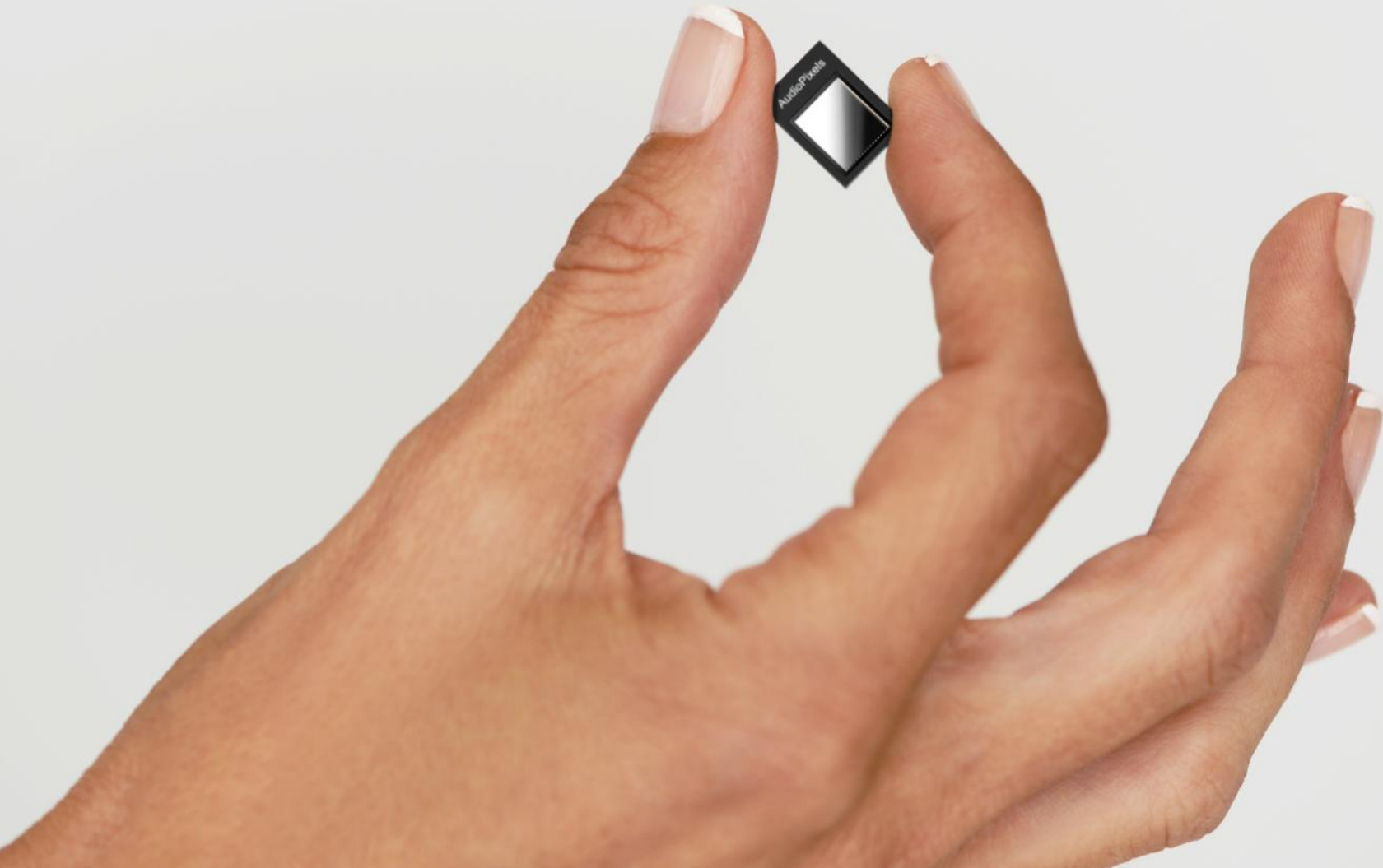




Market Overview November 2015
ASX: AKP; OTCQX: ADPXY



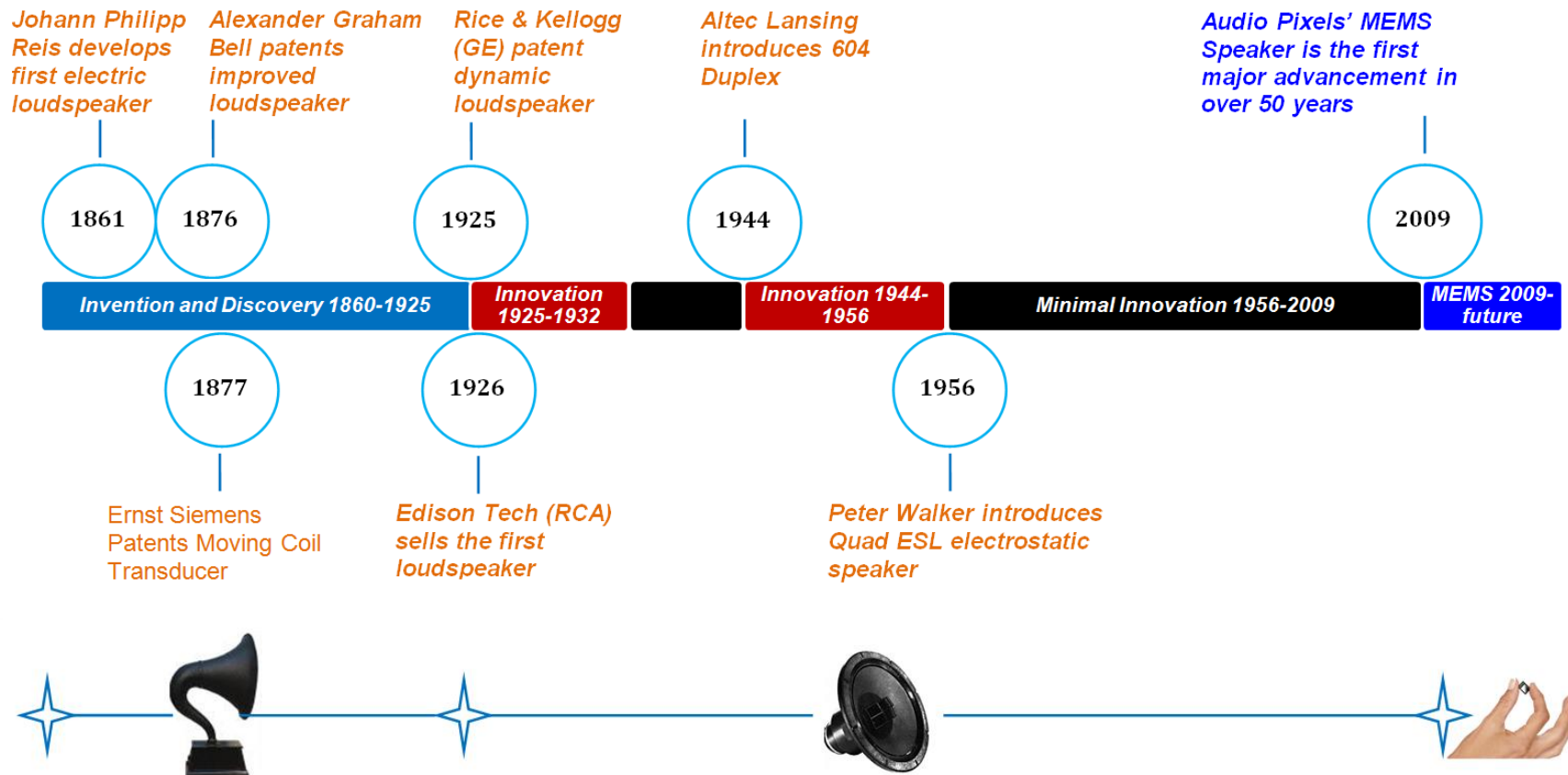
B r e a k i n g t h e B a r r i e r s o f S o u n d



Loudspeakers are Rooted in Century Old Technology

“While the industry at large has been able to digitize, shrink and enhance all other device electronics, the last remaining barrier is the speaker, which remains large, heavy, bulky, and very analog.”

Voice Coil Magazine 2015



As electronic devices have grown thinner, smaller, and more mobile, speaker technology has not kept pace.

Modern devices no longer have the space and power to provide quality audio



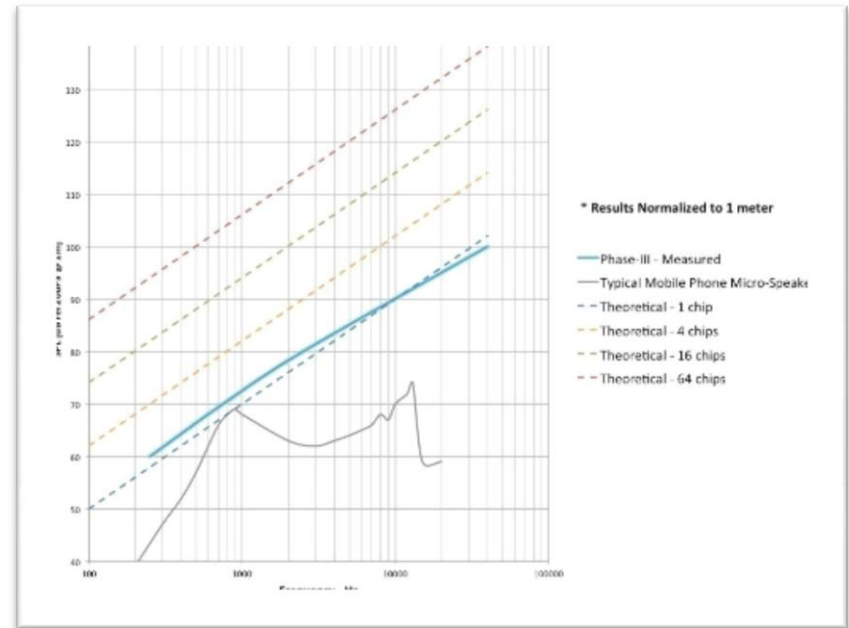
Audio Pixels brings both higher quality sound and a thinner footprint to the electronics market.

Analog speakers require compromise as sound quality shrinks along with speaker size.



Secondary speakers or other creative options are currently the only solutions for poor quality audio.

Audio Pixels has demonstrated improved sound reproduction in multiple tests.



Phase III testing verified significantly better sound quality. (03/2015)

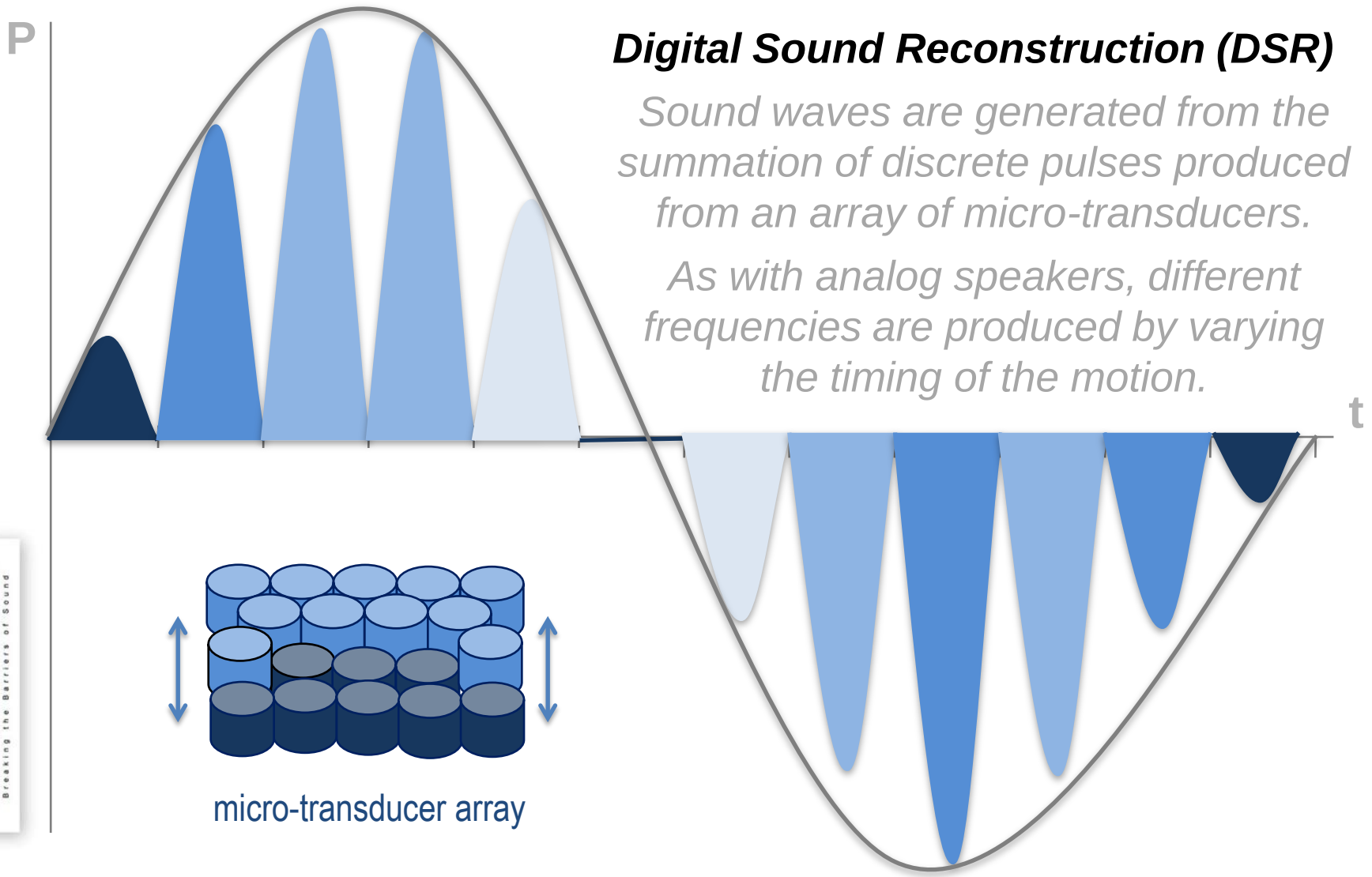
What is an Audio Pixels Speaker?

A revolutionary new way to reproduce sound, with patents in the fields of micro-electro-mechanical structures (MEMS), pressure generation, acoustic wave generation, control, signal processing, and packaging.



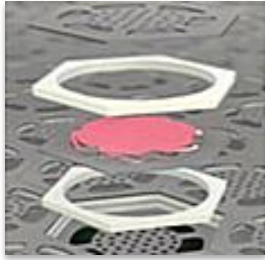
	Conventional Speaker	Audio Pixels Speaker
	Electromechanical Assembly	Semiconductor Chip
Magnet	Required	Not required
Voice Coil	Required	Not required
Cone	Required	Not required
Number of Components	4-15	1
Drive Circuitry	External	Integrated
Digital to Analog Conversion	Required	Not required
Enclosure or Chamber	Required	Not Required
Surface Mount Compatible	No	Yes

How does it work?



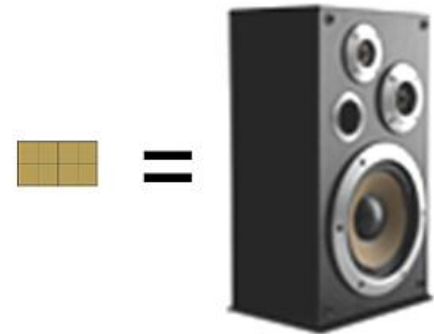
DSR is different than any other speaker technology

Unlike analog speakers ...



- the Audio Pixels micro-transducers do NOT require a large dynamic range. This allows the array to be constructed from identical elements all finely tuned to a particular frequency.

- the chips can be used either as a standalone micro-speaker or cascaded in any multiples of the same chip to replicate the desired function of the speaker.



- there is no need for a DAC, amplifier, or enclosure; meaning fewer parts and a much smaller footprint.

Not just smaller, but better: The chips have higher energy efficiency, lower harmonic distortion, faster transient response, and improved flatness; with a two-octave (frequency) gain.



Audio Pixels Sets New Standards In Sound Quality

What you hear today



Audio Pixels has achieved sound pressure levels (SPL) within the low frequency spectrum that were previously believed by experts to be unattainable within a micro form factor; measuring 80dB (decibels) at 250Hz for a standalone chip.



Audio Pixels delivers a 150% wider frequency range than current phone speaker technology



Truly disruptive for every device that uses loudspeakers

*Form factors will
change dramatically*

*Every product with speakers
will undergo design changes*

This -



*- can
become
this*

What was external -

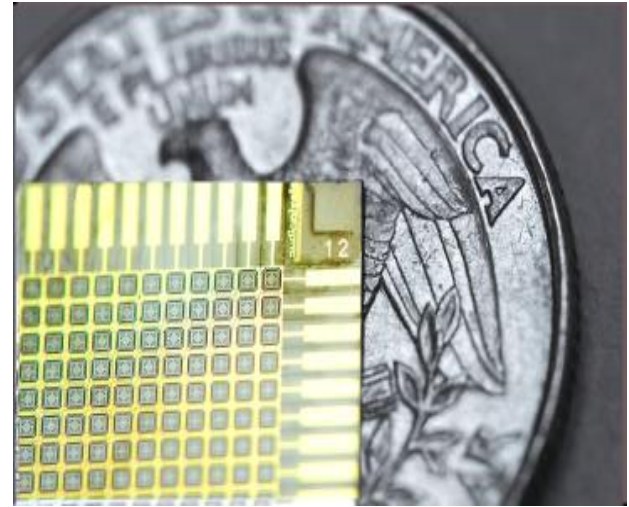


- can become embedded



Value Analysis

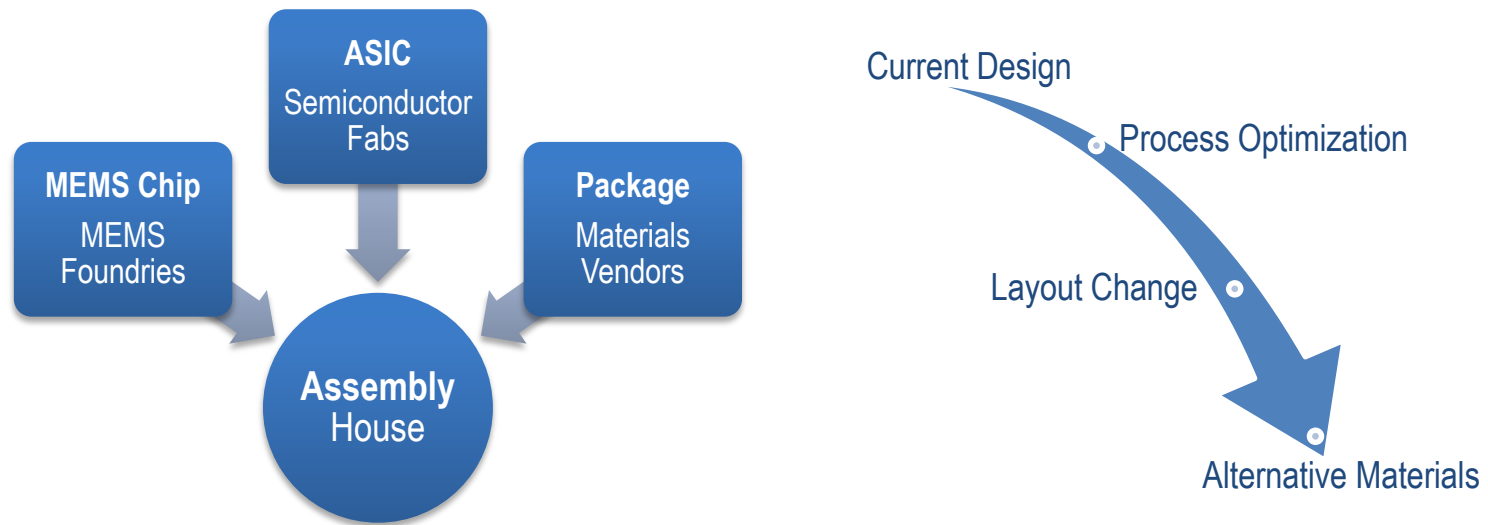
Audio Pixels delivers a superior sound experience in every known device category



	Handheld	IOT / Wearable	Tablets & Laptops	Display	Smart Phones	Television
Primary Strength	High quality audio within device size constraints ("thinness")					
Secondary Strengths	Reduced power consumption			Enabling far smaller footprint	Reduced power consumption	Reduced vibration
	Reliability and ease of assembly					

Fabless Semiconductor Manufacturer

While the technology is novel, the manufacturing process is not.



Audio Pixels is currently working with some of the industry's leading suppliers to develop its manufacturing capabilities.

Major assembly advantages of Audio Pixels Technology

The Surface Mount Advantage

Higher through-put and reliability



Manual soldering of speakers peaks at about 10/minute, compared to 100-1500/minute for components on an automated surface mount line.

Tremendous advantage for cell phones and other small electronics.

Elimination of Existing Components

Weight and cost savings



Speaker brackets, amplifiers, housings, and other bill of material line items can be eliminated.

Significant impact in automotive, removing \$100+/vehicle in mounting and other components.

After a decade of research, Audio Pixels has built a dominant intellectual property portfolio

Patent Families

18

Essential
to MEMS
& Digital
Audio

Patent Grants

64

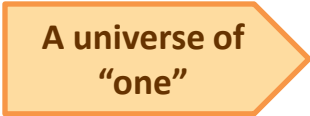
Patent Pending

46

Formidable
“head start”
equal to 100’s of
man years of
development

Our portfolio covers Geometries, Structures, Methods of Actuation, Actuation Control, MEMS Packaging, Algorithms, Signal Processing, and other functions essential to MEMS speakers.

The complexity of the R&D has given Audio Pixels a dominant position in Digital Loudspeaker Audio Technology

Number of Manufacturers & Developers		
Analog Speaker	>3000	
MEMS	2	
	Universite Du Maine	Analog
	Audio Pixels Ltd.	Digital

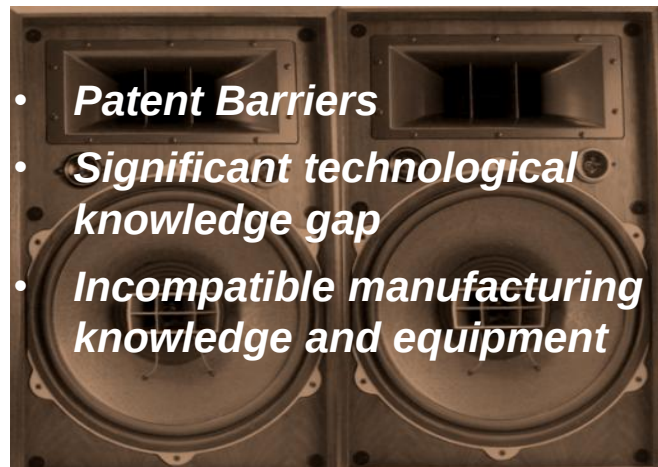
No Known Competitors!

Sources of potential competition face enormous barriers.

Competitors?

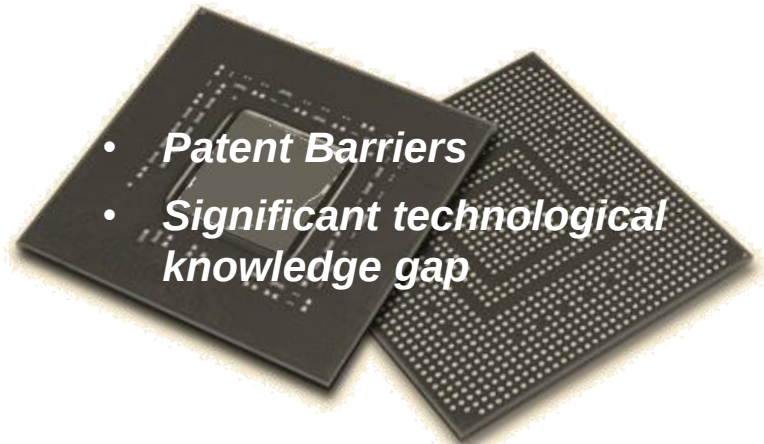


Loudspeaker Industry



- *Patent Barriers*
- *Significant technological knowledge gap*
- *Incompatible manufacturing knowledge and equipment*

Semiconductor Industry

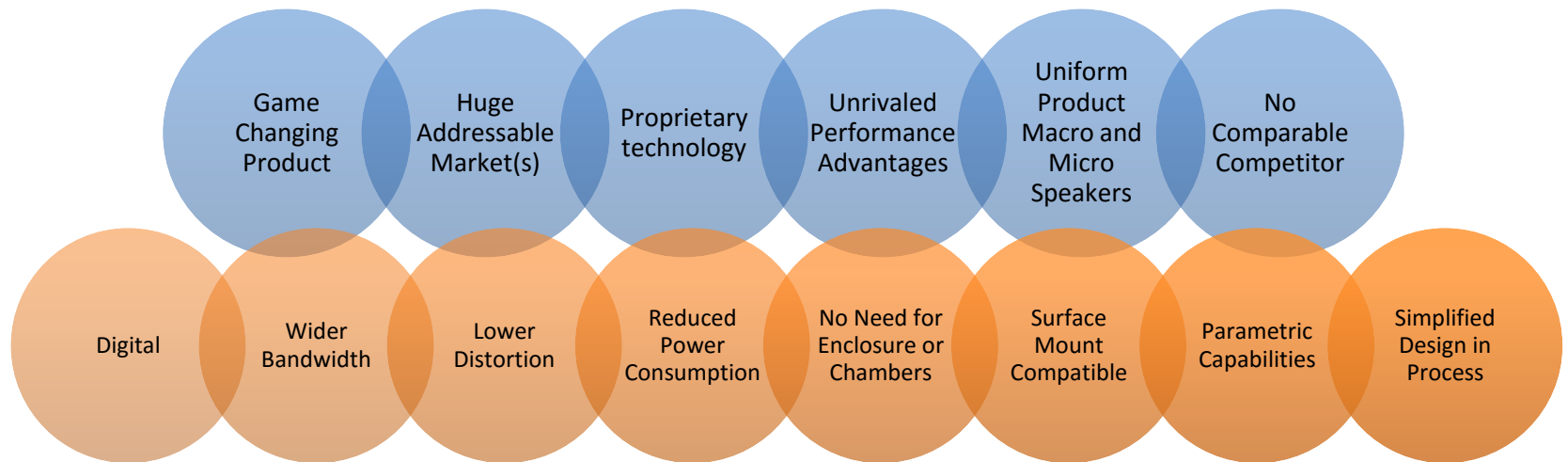


- *Patent Barriers*
- *Significant technological knowledge gap*

Extreme barriers to entry: outside of our strong patent position, a competitor would require multidisciplinary expertise in MEMS design and fabrication, physics, materials, microfluidics, aerodynamics, chip packaging, electronics, and signal processing.

(Gaining technical or cost competitive differentiation will be major hurdles for any future MEMS audio competitors.)

Winning Combinations



A large, diverse crowd of people walking in a city street, illustrating the concept of an addressable market. The crowd is dense and fills the frame, with people of various ages, ethnicities, and professions. The lighting suggests it might be late afternoon or early morning, with long shadows and warm tones. The text is overlaid on the center of the image.

Addressable Market

the last 75 years have shown...pretty much
EVERYONE

Primary Market Segmentation

Except for the lowest price point segment of the market, Audio Pixels has the potential to target every device that uses speakers.



Embedded

- Smartphone
- Tablet/Phablet
- Laptop
- Computer
- Television
- Display
- IOT
- Wearables
- Others...



Consumer

- Docking Station
- Portable
- Multimedia
- Paired
- Woofers
- Surround Sound
- In-wall
- Outdoor
- Others...



Specific

- Automotive
- Airline
- Train
- Others...

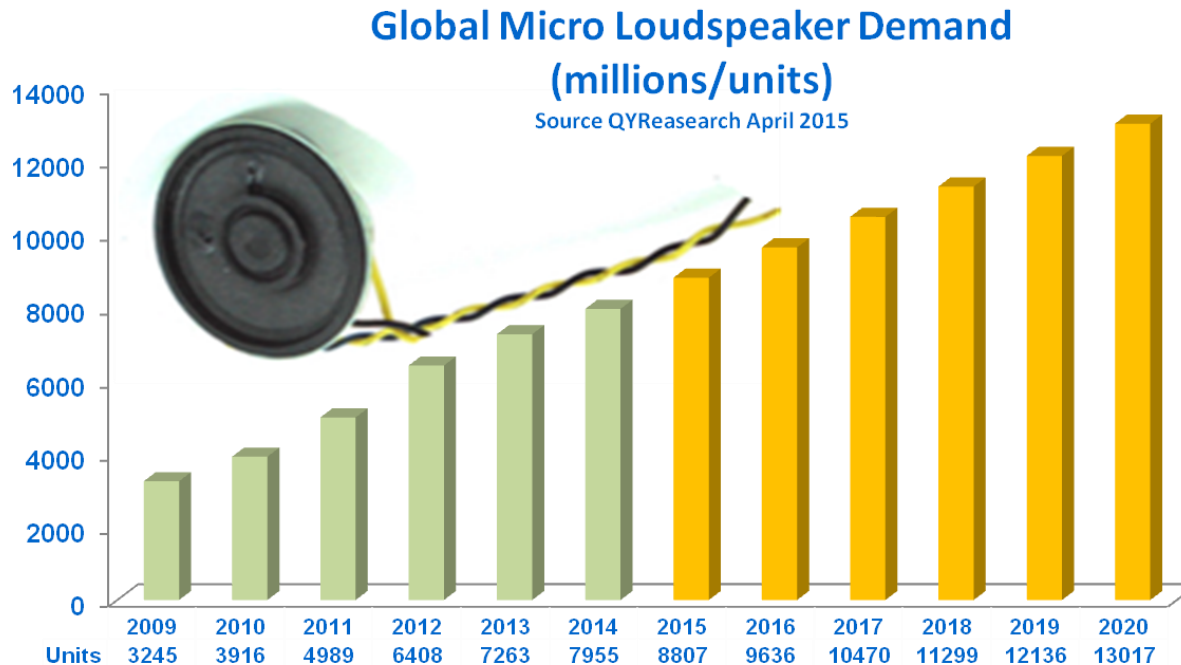


Customized

- Parametric Applications
- Sensors
- Ultrasonic
- Medical
- Security
- Others...

Segment Breakdown

Global Demand for micro-speakers is expected to exceed 8 billion units in 2015, growing to over 13 billion by 2020.



Embedded

- Smartphone
- Tablet/Phablet
- Laptop
- Computer
- Television
- Display
- IOT
- Wearables
- Others...

Segment Breakdown – Micro Loudspeaker

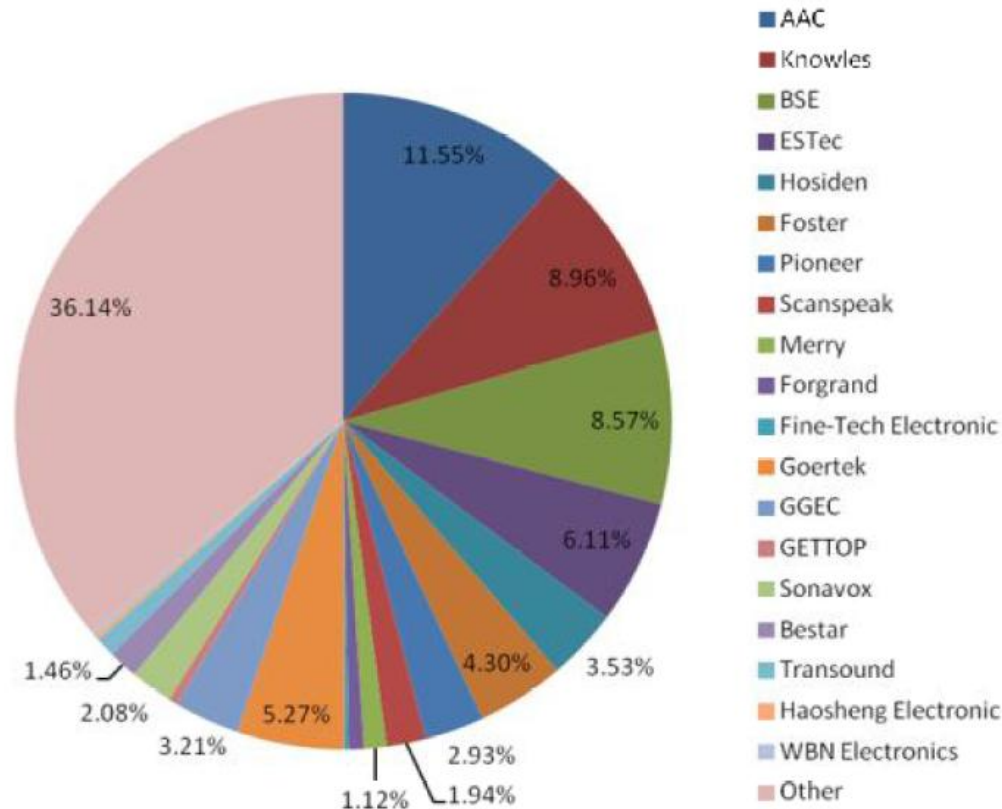
The market is highly competitive, with a diverse, international cast of manufacturers targeting dozens of product categories.



Embedded

- Smartphone
- Tablet/Phablet
- Laptop
- Computer
- Television
- Display
- IOT
- Wearables
- Others...

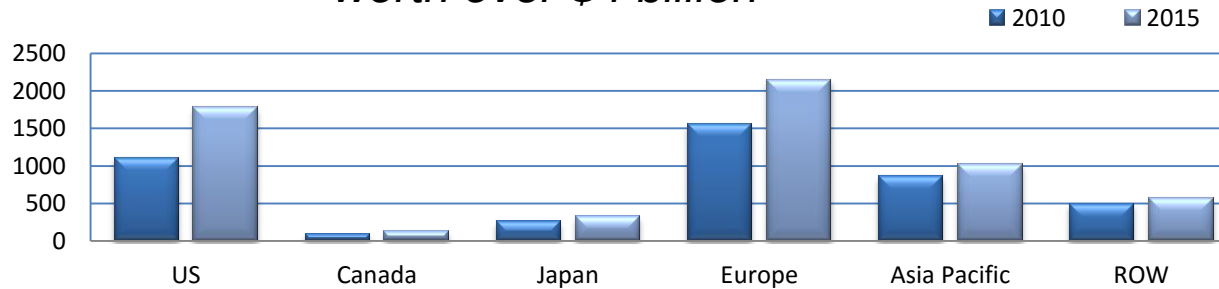
2014 Global Micro Loudspeaker Key Manufacturers Production Market Share



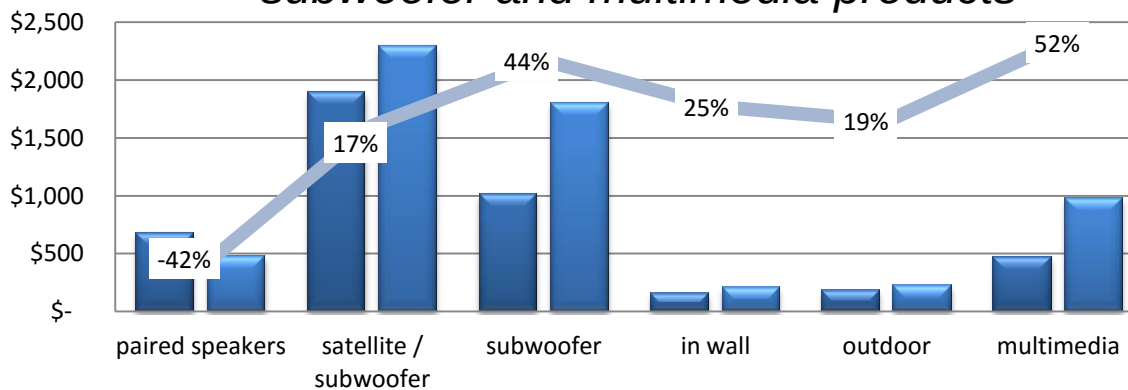
Source: QYResearch Loudspeaker Research Center; Apr 2015

Home Market – Standalone Speakers and Systems (not including soundbars)

The home loudspeaker market is currently worth over \$4 billion



Home loudspeaker growth is led by demand for subwoofer and multimedia products



Consumer

- Docking Station
- Portable
- Multimedia
- Paired
- Woofers
- Surround Sound
- In-wall
- Outdoor
- Others...

Home Market –Standalone Speakers and Systems

Global soundbar sales will reach 9.9 million units in 2015



Consumer

- Docking Station
- Portable
- Multimedia
- Paired
- Woofers
- Surround Sound
- In-wall
- Outdoor
- Others...

Growth is expected in every home market category. The Bluetooth (Portable) speakers market will reach \$7 billion by 2019.

Source Infiniti Research Limited – Nov. 2014

Automotive (Aviation) Audio / Infotainment Market



At \$3.4 billion, automotive represents an important future market for Audio Pixels. Premium Audio, featuring systems with a dozen or more speakers, has strong OEM penetration in Europe (17%), North America (12%), and Asia (9%).



Specific

- Automotive
- Airline
- Train
- Others...

	2010	2011	2012E
HARMAN	2738	3406	3802
Continental	1829	1863	1913
PIONEER	2895	3303	3972
ALPINE	2294	2567	2785
CLARION	2032	2363	2405
PANASONIC	3238	3331	4080
FUJITSU-TEN	2482	2358	2302
JVC-KENWOOD	1232	1358	1426
Hyundai Mobis	1189	1306	1488
Delphi	1206	1202	1226
Visteon	462	508	522
Denso	1493	1595	1860
Aisin AW	862	974	1149
Mitsubishi Electric	1822	2008	2309

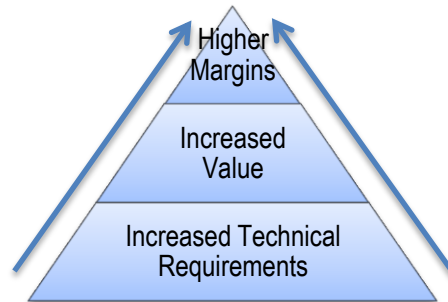
The Audio Pixels Solution is uniquely suited to the automotive market due to:

- Size & weight advantages
- Sound quality
- Speaker positioning
- Directionality
- Power consumption
- Noise cancelation
- Wiring
- and other aesthetic and technical form factors.

Source: Extrapolation from accumulated Public Domain Research

Customized “Niche” Applications

Audio Pixels is frequently approached to apply its technology to industry specific applications, thus expanding market opportunities beyond conventional loudspeaker functions.



Customized

- Parametric Applications
- Sensors
- Ultrasonic
- Medical
- Others...

Sensors



Ultrasound is already in use for touchless gesture recognition input. Audio Pixels' chips have the added advantage of also offering audible sound in the same “sensor.”

The total gesture recognition and touchless sensing market is expected to reach \$22.04 billion by 2020 with a double digit CAGR.

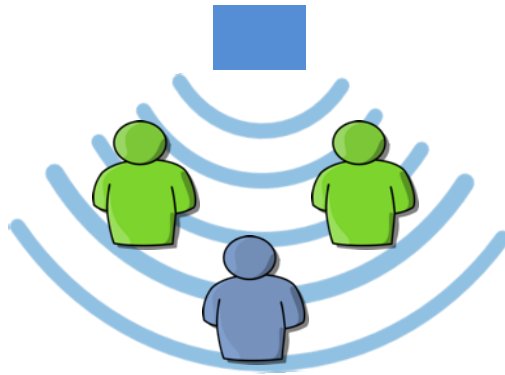
source: marketsandmarkets Apr. 2014

Customized “Niche” Applications

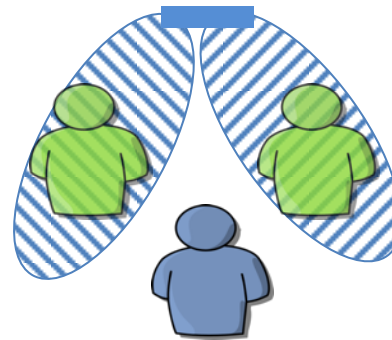
Parametric Speaker

Fundamentally, Audio Pixels produces Sound-from-Ultrasound allowing the speaker to project a narrow beam of sound that can be heard only along the path of the beam (directional speaker).

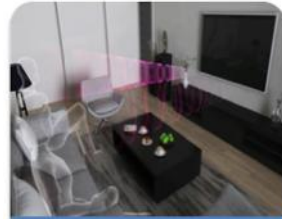
This effect, which is not possible using conventional loudspeakers, enables countless applications to become a new reality.



conventional loudspeakers



parametric loudspeakers



Customized

- Parametric Applications
- Sensors
- Ultrasonic
- Medical
- Others...

Customized “Niche” Applications

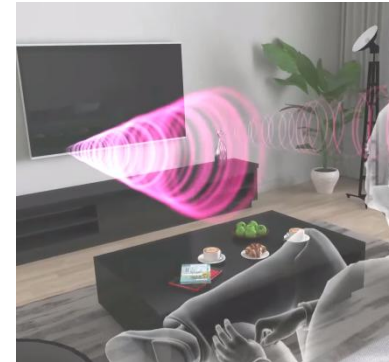
Parametric Speaker

Television – projecting sound at different volumes, settings and even different languages

Automotive – Separation between driver navigation and communication to rear seat entertainment

Advertisement – projecting sound directly at the consumer

Public Safety and Museums - Transmitting warning and informational messages in airports, train stations, escalators entrances, and any other place where a message should be directed and heard only in a designated target area



Customized

- Parametric Applications
- Sensors
- Ultrasonic
- Medical
- Others...

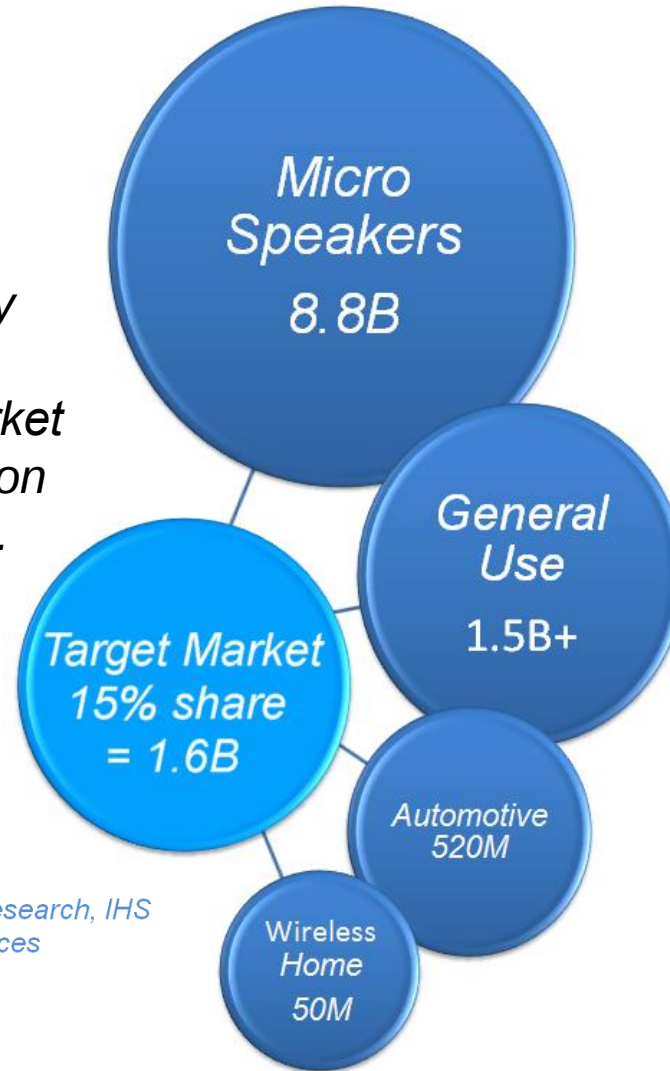


Bank Teller, Automated Teller Machines, Passport control etc... - any other application where confidential information should not be overheard

Commercial Advertising - billboard messaging to get the attention of the listener without distracting staff or other customers

Audio Pixels will target applications where size and high quality sound are both important.

Based on industry estimates, Audio Pixels' target market will reach 1.6 billion speakers in 2016.



*Gartner, QYResearch, IHS
and other sources*

Development Timeline

Phase III -- integrate, test
and optimize all components
Completed March 2015

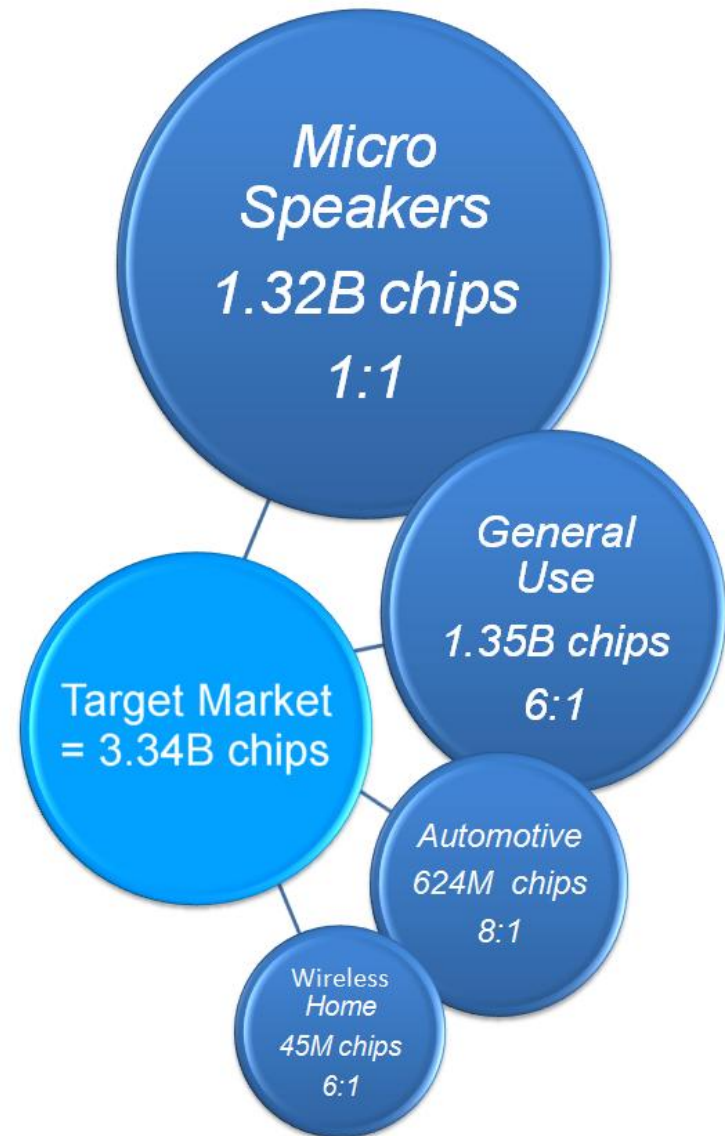
Phase IV – Mass manufacturing
phase, pre-production planning
In progress

*Begin shipping sample
product to leaders in
consumer electronics
In conjunction with Phase IV*

Target unit totals are much higher when measured in chips per speaker.

With the exception of micro-speaker applications, which generally have a 1:1 speaker to audio chip ratio, most digital versions of analog speakers will use between 2 and 64 chips.

Audio Pixels' target speaker market will require more than 3 billion audio chips



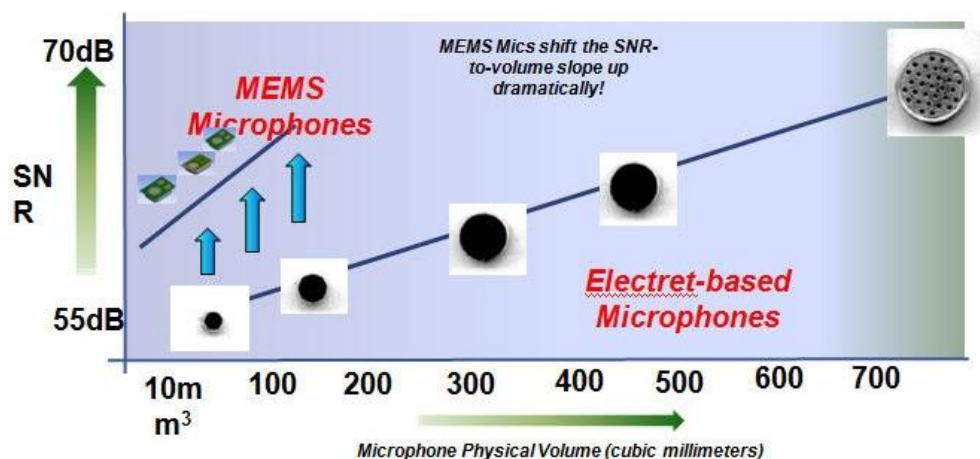
Investment Thesis– The Analogous Story of MEMS Microphones

MEMS Microphones

- Electret Condenser Microphone (ECM) invented at Bell Laboratories in the 1960s.
- Fundamentally unchanged. But ECM's dominated the market for roughly 50 years
- MEMS Microphones were introduced sometime in the late 90's

Advantages of MEMS over ECM:

- Reduced Noise
- Size
- Surface mount compatible



Significant Cost Disadvantage - Average microphone price per unit at the point of introduction of MEMS microphone –

ECM microphones cost less than \$0.10 per unit compared to >\$2.00 for a comparable MEMS microphone

Investment Thesis – Analogous Study

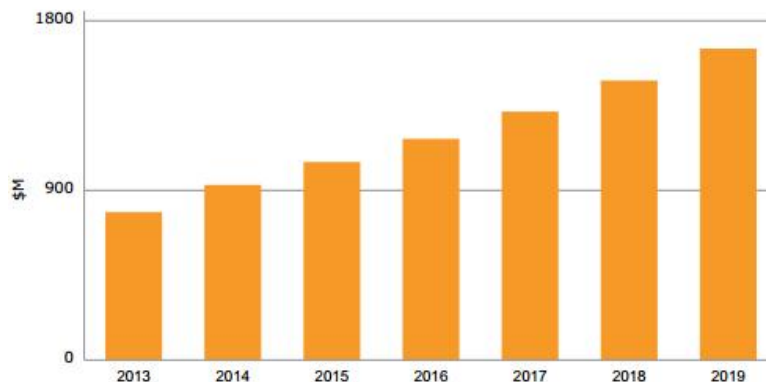
Despite the cost disadvantage, MEMS microphone production accelerated

Over the past decade more than a dozen manufacturers began producing MEMS microphones, driving improvements in performance, size and cost. Nonetheless MEMS microphones remain >10x the price of ECMs.

How has the market responded?

- In 2013 MEMS microphone shipments overtook analog microphones
- MEMS microphone sales are expected to reach 5.4 billion units by 2017

2013-2019 MEMS microphone market (in \$M)



And the trend continues

- Sales of MEMS microphones are expected to grow from \$1.0 billion (USD) in 2014 to \$1.4B in 2017
- Growth of the MEMS microphone market is exceeding forecasts as more microphones and more applications are added to devices.

Investment Thesis – Market Cap Insight

Micro Speaker		Home Speaker		
Market Cap		MCAP	Annual Revenue	
AAC	66.8B (HKD)	9.4B (USD)		
Knowles	1.7B (USD)	Private	\$50-100M	
Hosiden	49B (Yen)	Private	\$50-100M	
Foster	74.8B (Yen)	Private	\$2.9B	
Merry	18.2B (TWD)	Private	<\$50M	
Goertek	52.2B (CNY)	Private	\$150M	
		Acquired by Plantronics	\$166M	
		Private	<\$25M	
		Private	NA	

Manufacturers of micro-speakers tend to be public, with greater capital requirements to support large quantity OEM demands.

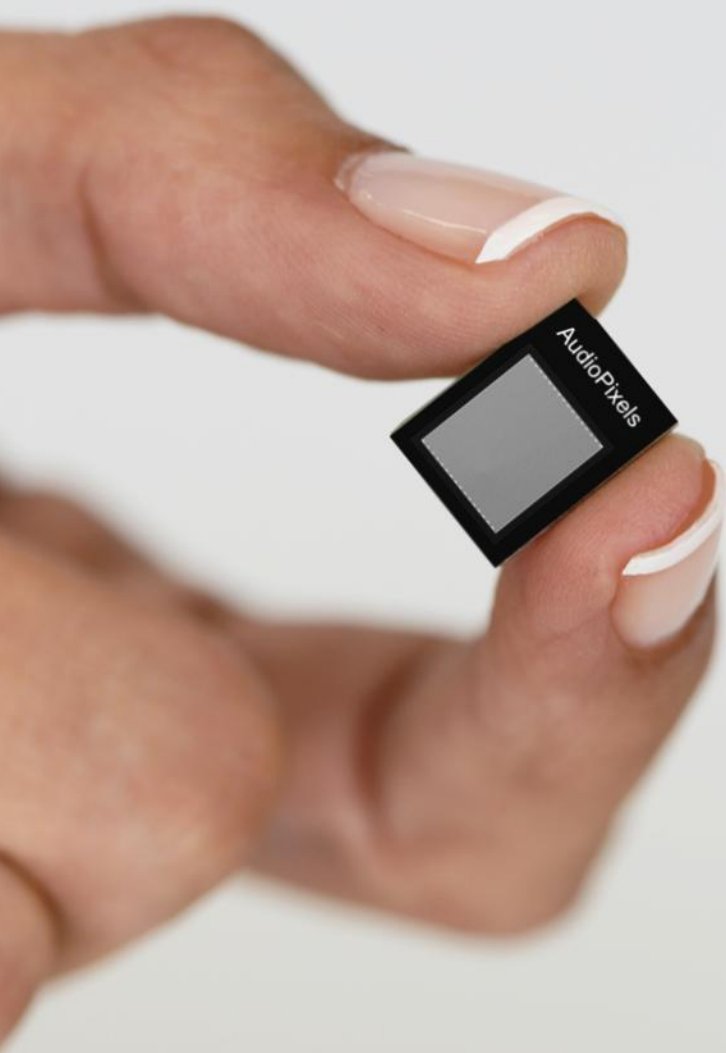
Manufacturers of Home Speakers typically remain private, due to market dynamics of very high margins, relatively limited quantities, and end-user direct sales.

Success Factor

Given the digital nature, enhanced sound reproduction, improved power consumption, ease of assembly and design-in, and smaller more compatible package ...there is little reason any company would continue to use conventional speaker technology.

Audio Pixels' Thesis





Key Takeaways

- 1 Proprietary Game Changing Technology
- 2 No Direct Competition on the Horizon
- 3 Final Phase of Productization
- 4 Immense, Diverse and Stable Market Opportunities



B r e a k i n g t h e B a r r i e r s o f S o u n d