

25 August 2017

The Manager
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sirs,

Audio Pixels Integration Stage Update

Audio Pixels Holdings Limited (ASX: AKP and OTC: APDXY), a leader in the digital transition of loudspeakers, informs its shareholders of a minor delay to the previously advised deliverable dates (as announced on July 11 2017).

Further testing and analysis conducted on the initially produced wafers identified a need to further refine the “dissipation layer(s)” of the structure. The dissipation layer(s) refer to the electro-mechanical “points of contact” that among other purposes serves to suppress contact effects that could play a critical role in the sound quality and reliability of the device.

The company credits its MEMS vendors’ unyielding commitment to achieve the company’s mass production requirements in keeping the scheduling impact of this rather massive investigatory undertaking to a bare minimum. During the coming weeks and throughout the current fiscal quarter, the company will receive relatively large quantities of wafer batches each containing distinct modifications covering all possible variants to the dissipation layer as determined by the investigatory program. The company remains fully organized for rapid test, measurement and characterization of these wafers in order to identify the best possible process techniques needed to reliably achieve the functional requirements of the device. The sanctioned wafers will not only help to solidify the production process but also serve to advance management’s product demonstration objectives.

Yours faithfully,

Fred Bart
Chairman



About Audio Pixels Holdings Limited

Audio Pixels Limited, founded in 2006, is a wholly owned subsidiary of Audio Pixels Holdings Limited, listed in Australia under the stock code of AKP (ADR's on NASDAQ International under the code ADPXY). Backed by exceptional multidisciplinary scientific research, design, and production capabilities, Audio Pixels has become a world leader in digital loudspeaker technologies. Audio Pixels' patented technologies employ entirely new techniques to generate sound waves directly from a digital audio stream using micro-electromechanical structures (MEMS). Its revolutionary technological platform for reproducing sound enables the production of an entirely new generation of speakers that will exceed the performance specifications and design demands of the world's top consumer electronics manufacturers. For more information, visit www.audiopixels.com.au/.

Forward-looking statements

This release may contain certain forward-looking statements with respect to the financial condition, results of operations and business of AKP and certain of the plans and objectives of AKP with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.