

9 April 2019

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

Digital Speaker Development Update

Dear Sirs,

Audio Pixels is pleased to update its shareholders that the refinement of the fabrication processes is in its final stages, with a newly refined batch of “full structure” based wafers due shortly after the Easter / Passover holiday. Furthermore, the required structural and process design changes to transition the “simplified structure” into a viable and attractive stand-alone / accompanying product has been introduced for fabrication to the vendor.

As was previously reported (Dec 21 2018), the company reached 3 major milestones in development of its digital speaker technology.

1. The company received and measured the initial test wafers that incorporated our newly devised, mechanisms for suppressing the adverse charging effects. Meticulous characterization of these wafers **confirmed all key specifications of our full structured devices**. While the results of these initial test wafers were exceptional, it was reasonable to anticipate certain imperfections in the first iteration of a newly designed fabrication process. Based on information obtained from these measurements and through close cooperation with its vendor, we were able to identify a number of deficiencies in the process, and devise suitable remedies to achieve repeatable production of reliable devices.
2. The company has been progressing the “simplified structure design”. As was announced (Dec 21 2018), the simplified structure’s potential was discovered during the development of our full structure product. Since the last announcement, the Company has **demonstrated the key acoustic parameters of the simplified structure**, however more work is required to extract the full acoustic potential of the simplified structure as the acoustic principles governing the half structures have been analyzed to be quite different from those guiding the full structures.

Aided by experiments, simulations and design, the Company managed to identify a relatively small number of changes to the design and core fabrication processes which we believe will dramatically improve the performance of the simplified structure. Designs have

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been completed and submitted to the vendor for fabrication. The Company has completed development of the new algorithms required to operate the simplified structure.

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 (Level 1 ADR's on OTC - 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.