



20 April 2016

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

Dear Sirs,

### **Audio Pixels Surpasses One Trillion Cycle Tests with Zero Failures**

Audio Pixels Holdings Limited (ASX: AKP and OTC: ADPXY - NASDAQ International Designation), a leader in digital MEMS loudspeakers, is pleased to announce that its test structures have surpassed one trillion cycles - with **Zero Failures**.

The tests conducted on Phase IV MEMS structures revealed the chip to be perfectly functional when the testing reached the 1-trillion cycle milestone. Both acoustic loss and electromechanical integrity remained stable over the entire test span. *"This interim milestone would be equivalent to having the speaker chip play continuously for over 10 years"* said Yuval Cohen, the company's Chief Technology Officer.

Driving the rationale for change in audio speakers is the ever-increasing demand for smaller, thinner, clearer sounding, more power-efficient speakers. Audio Pixels' patented technologies employ entirely new techniques to generate sound waves directly from a digital audio stream using low cost micro-electromechanical structures (MEMS), rather than conventional loudspeaker elements. The company believes this innovation will enable the production of speaker products that deliver performance that is many orders of magnitude better than conventional speaker technologies all in a semiconductor chip form factor.

The tested structures are part of the company's fabrication verification program implemented to mitigate risks in the fourth and final phase of the company's commercialization development plan. The verification program is designed to enable the company's development teams to examine, test, and validate production wafers for progress and compliance of the MEMS chips during and throughout the fabrication process.

*"This milestone is significant as it confirms to the extent possible, that the design and fabrication refinements undertaken as a result of Phase III, deliver the performance and the reliability sought for our mass production product"* added Shay Kaplan, the company's Chief Scientist.

The test structures continue to undergo extensive testing with further announcements expected to follow.

Yours faithfully,

Fred Bart  
Chairman



## **About Audio Pixels Holdings Limited**

Audio Pixels Holdings Limited is a company listed on the Australian Stock Exchange with the code AKP and has its ADR's listed on the OTC market in the USA with code ADPXY. We are a member of the Nasdaq International Designation program for OTC traded Level 1 ADR's. Audio Pixels Holdings Limited owns 100% of Audio Pixels Limited, an unlisted Israeli corporation that was founded in July 2006 and has developed a revolutionary technological platform for reproducing sound, thus enabling 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.

Audio Pixels patented technologies employ entirely new techniques to generate sound waves directly from a digital audio stream using low cost micro-electromechanical structures (MEMS) rather than conventional loudspeaker elements. This innovation enables the production of speaker products that deliver performance that is many orders of magnitude better than conventional speaker technologies, all in an affordable package that is only one millimetre thick.

Audio Pixels MEMS-based Digital Sound Reconstruction platform enables the market for audio speakers to follow the evolution of the video display market from large, heavy analog tube based monitors to the digital flat panel displays of today. Driving the rationale for change in audio speakers is the ever-increasing demand for smaller, thinner, clearer sounding, more power-efficient speakers. Conventional speaker technologies remain deeply rooted in the original voice coil inventions of Alexander Graham Bell. The inherent limitations of such speakers prohibit the delivery of quality sound in smaller packages. Audio Pixels innovative patents in the fields of electromechanical structures, pressure generation, acoustic wave generation and control, signal processing and packaging, combine to forever change this paradigm.

Market research overwhelmingly suggests that both manufacturers and consumers alike are starving for real innovation in audio speakers, in particular for good quality sound in a form factor that is far more compliant with current device and lifestyle trends. While the industry at large has been able to digitize and shrink all other device electronics, the last remaining barrier is the speaker, which remains large, heavy, bulky and extremely restrictive.

Upon achieving mass production capabilities Audio Pixels plans to sell and/or license its products to the manufacturers of speakers and consumer electronic devices worldwide, which collectively consume billions of speaker units annually. Audio Pixels will produce and sell a single type of silicon chip that can be used either as a standalone speaker or cascaded in any multiples of the same chip in order to achieve the desired performance specifications. This modular paradigm is entirely unique to the audio industry, which today expends significant resources designing and specifying new drivers, acoustic chambers and drive electronics for each new device. Audio Pixels innovative approach not only facilitates maximum flexibility to its customers, it further enables the customer to calibrate on the design and production of a singular product model, maximizing economies of scale, while limiting overhead associated with multiple versions of products.

Management maintains active exchange with industry leading companies spanning a broad cross section of the MEMS and consumer electronic industries. Audio Pixels has already demonstrated the technology to potential customers and strategic partners.

## **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.

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