



Annual General Meeting

May 2017

CEO Presentation

FORWARD LOOKING STATEMENTS

These slides and the accompanying oral presentation is a presentation of general information about the current activities of Audio Pixels Limited as to the date of this presentation. All statements other than statements of historical facts contained in these slides and the accompanying oral presentation, including statements regarding future operations, future financial position, future revenue, projected expenses, opportunities, prospects, plans and objectives of management and competitive and technological trends are forward-looking statements It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes, as it does not take into account your investment objectives, financial position or needs.

Forward-looking statements are based on estimates, projections and assumptions made about circumstances and events that have not yet taken place. Although management believes the forward-looking statements to be reasonable, they are not certain. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond the management and the company's control, and which may cause actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results). Management makes no representation or warranty as to the accuracy of any forward-looking statements in this document and undue reliance should not be placed upon such statements.

Forward-looking statements may be identified by words such as "aim", "anticipate", "assume", "continue", "could", "estimate", "expect", "intend", "may", "plan", "predict", "should", "will", or "would" or the negative of such terms or other similar expressions that are predictions of or otherwise indicate future events or trends.

Management does not intend to update the forward-looking statements in this document in the future. These factors should be considered, with or without professional advice, when deciding if an investment is appropriate.

To the extent permitted by law, no responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of this material is accepted, including any of its related bodies.



MEMS
Vendor 1 –
Delivered
Wafers
(currently
undergoing
final process
at 3rd party
vendor)



MEMS
Vendor 2 –
Began
delivering
wafers



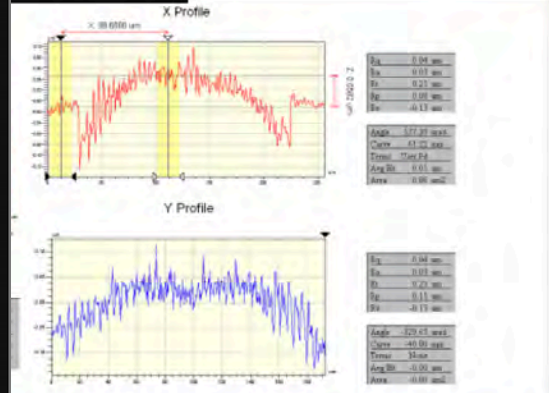
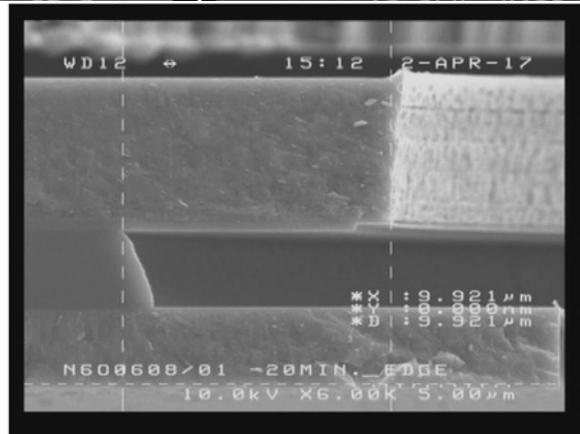
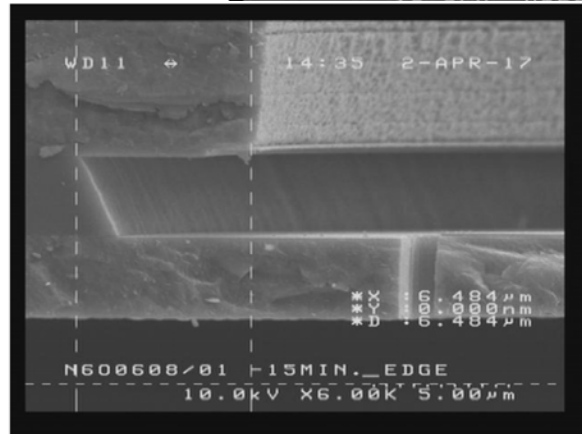
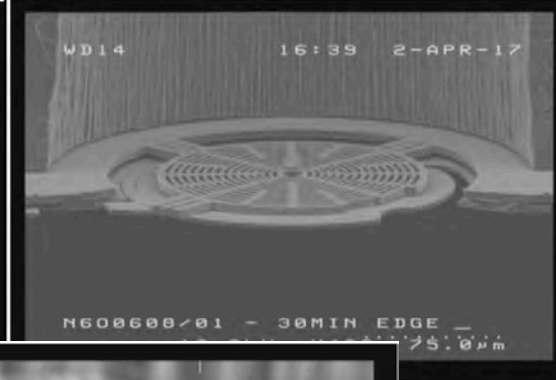
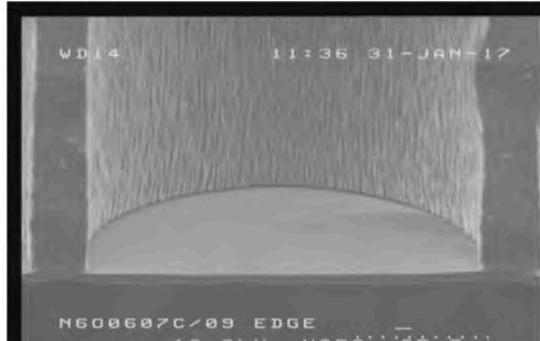
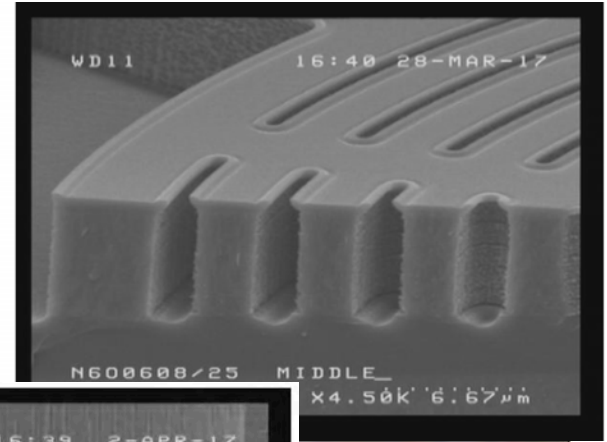
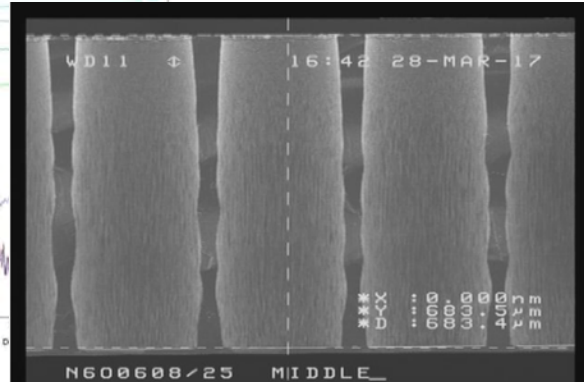
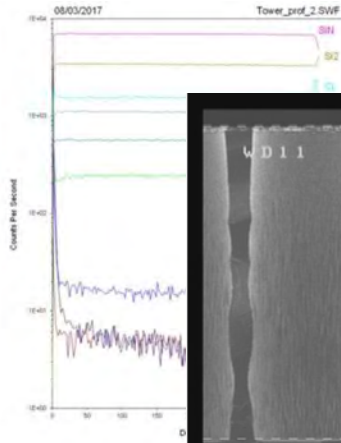
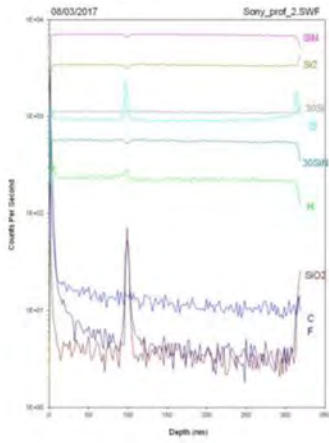
ASIC –
Generation
2 completed

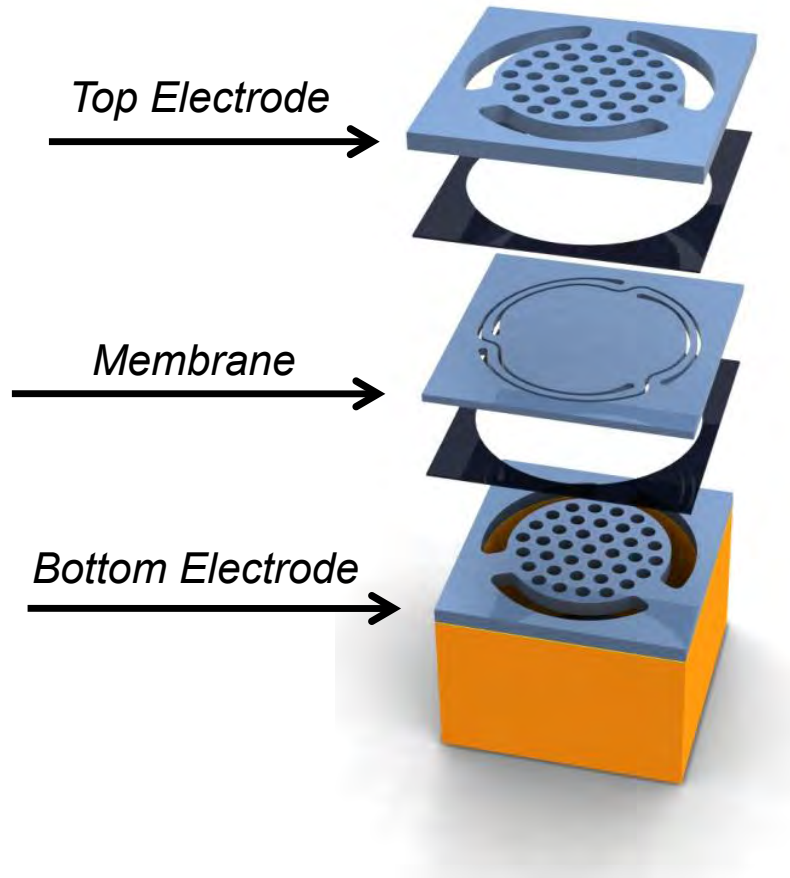


Assembly &
Packaging –
Completed
first
samples
received



Algorithms
– awaiting
working
devices for
testing



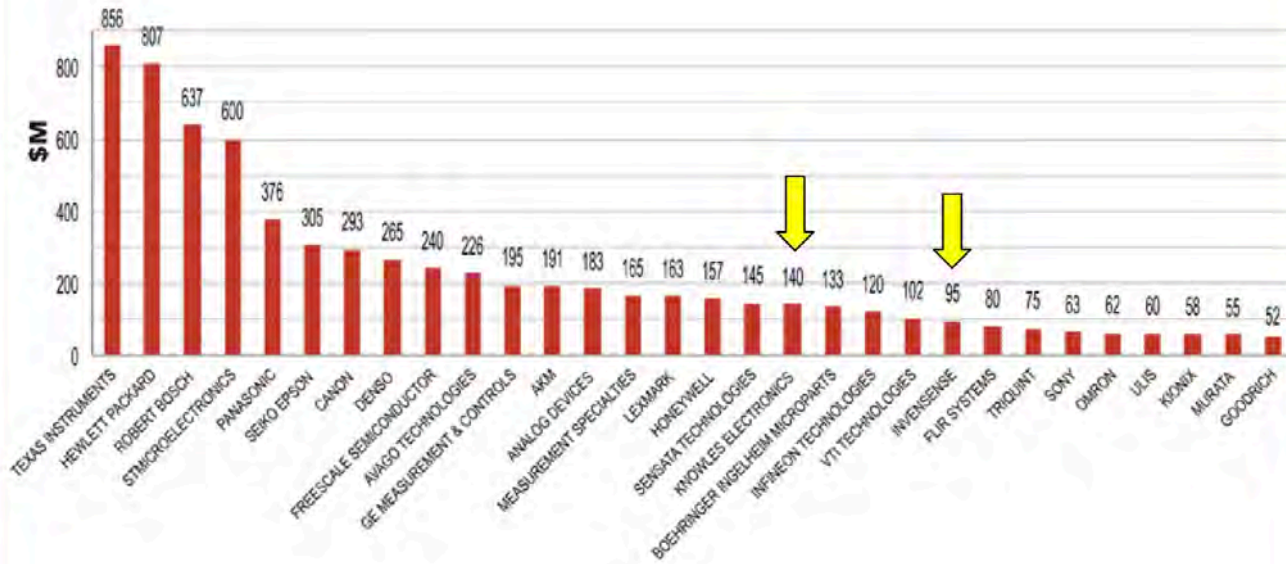


Only two of Top 30 companies are totally fabless

MEMS & Sensors

Top 30 Worldwide MEMS Companies Ranking – 2010 Revenues

(Yole Développement Estimates \$M – April 2011)

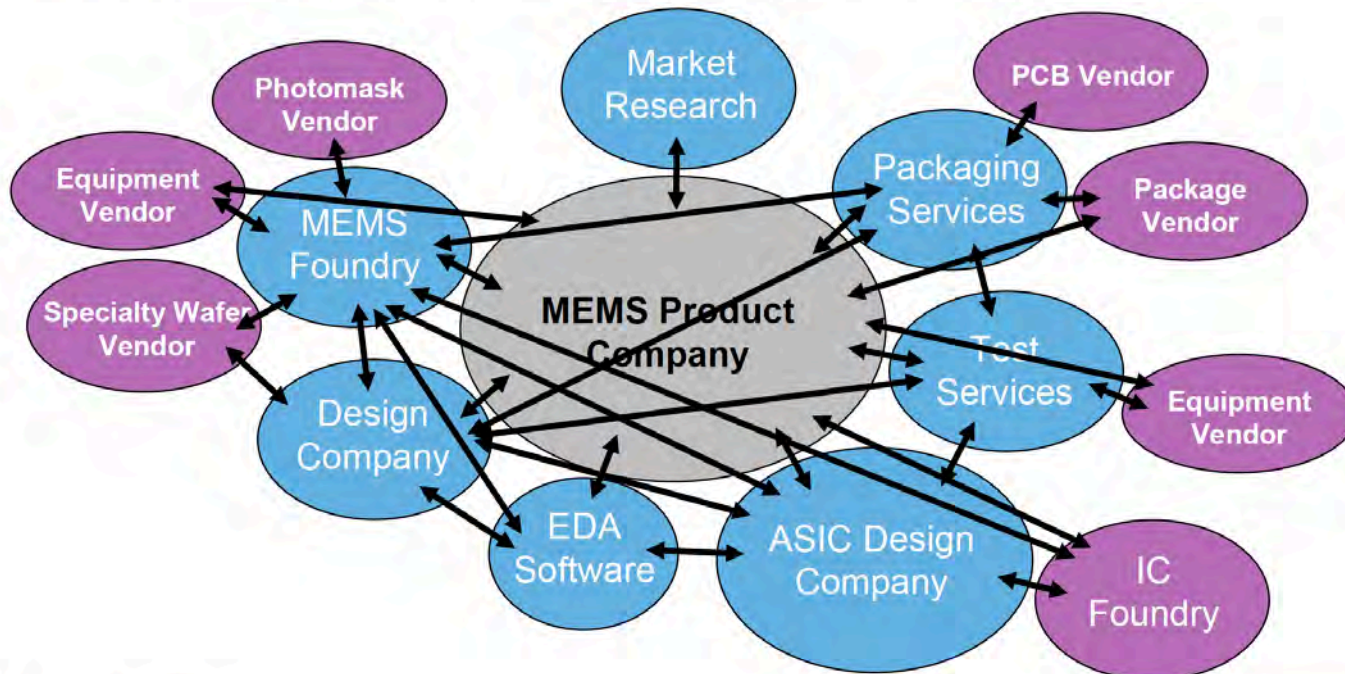


© April 2011

Yole Développement

Gaps and lack of standards burden communications

- **Reality: messy and inefficient!**
- **But - the fabless, outsourced model will prevail**



Good Morning

I'm excited to be here again this year to personally share our progress and insight to what we anticipated will be a truly exciting period of time for the company.

I know a good Hollywood script is supposed to build up suspense, but in assessing various communications with shareholders I believe we inadvertently done a pretty good job on that front. So let me start off by what I hope will alleviate some of your concerns and confirm that our vendors have for the most part been able to maintain the timeline estimates they gave some 6 months ago. Our MEMS vendors have begun to deliver wafers, our ASIC supplier delivered working chips, and our assembly and packaging partner began delivering samples of fully packaged chips. All this places us in position to commence the process of testing and integration that is required to produce our product.

Before I go on I would like to point out what I believe is an often-overlooked fact that influences the (pardon the pun) low frequency in which we have shared information in the past. That fact is that while our business is clearly all about sound and loudspeakers nonetheless the reality is that our groundbreaking technology is firmly rooted in semiconductors; and as investors in a "semiconductor company" its important to keep in mind that meaningful progress transpires over many months and more often than not, accomplishments can only be reported at the very end of a fabrication process. Depending on how you count producing our MEMS wafers involves over 500 fabrication steps, each informative, but not meaningful to anyone outside of those in the critical path of fabrication and therefore the dynamics of our company at this stage, are similar to that of a semiconductor company.

There are a few significant events that transpired since we met a year ago. The first occurred in September when TowerJazz physically began work on a mass production process for the MEMS wafers, and the second in October when we received the first fabrication run of Phase IV wafers.

As has been reported, the first run of Phase IV wafers revealed that the devices did not meet a critical mechanical specification, which in turn increased the voltages required to operate the devices. As was also reported all our attempts to try work with and around the higher voltages ultimately left us no alternative but to return to the fab with instructions to re-spin / reproduce the wafers.

I can now tell you that there was a silver lining to this setback. I can't really get into the technical details other than to say that being compelled to work with much high voltages than originally intended led us rather significant discovery concerning the "points of contact" of our device. This discovery warranted our applying for a patent due to the significant benefits it provides in improving the yield and reliability of the product. Working closely with our fabrication partner we were able to implement this discovery into the current fabrication process, with wafers containing this innovation expected to be delivered over the coming weeks.

A few words about our cooperation with Tower Semiconductor; Yole' the leading global research firm in the field of MEMS points out that only 2 of the top 30 MEMS companies are fabless. A.M. Fitzgerald a leading Silicon Valley consultancy firm in the field of MEMS attributes this phenomenon to the critical importance of information exchange between the involved parties. As many of you know we benefit from being in close physical proximity to Tower's fab and their process engineering teams. Our engineering teams are able often and

on demand in order to deal in a common language with any and every issue as, or even before, it arises. This dynamic affords both companies unprecedented opportunity to avoid missteps while streamlining development of the fabrication processes. If the research I mentioned before means anything it leads us to believe we have dramatically enhanced our ability to succeed, as in many ways the result of our close working relationship with Tower allows us to enjoy the many benefits of having our own fab without actually having to invest the billions of dollars needed to own and run one.

I should also point out that in addition to completing our 2nd generation ASIC, we were able to utilize the faulty Phase IV MEMS chips to complete the 3+ year effort developing an automated chip packaging assembly process. In fact just prior to my departure from Israel we received the first samples, which I brought with me here today.

While not quite yet demonstrable, we are clearly seeing all our efforts coalescing toward achieving the results we all hope and expect. If all goes as planned you should expect to see us back here in the relative near future, as no one more than our shareholders deserves to celebrate our accomplishments.

audiopixels[®]

The logo for audiopixels features the word "audiopixels" in a white, lowercase, sans-serif font. The letters 'i' and 'x' have small red squares above them. A thick red wavy line curves across the text. Below the text is a blue grid pattern that tapers off to the right.

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