HyperSound™

Parametric Sound Corporation
Corporate Presentation
Safe Harbor Statement

All statements made in this document, other than statements of historical fact, are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. You should not place undue reliance on these statements. We base these statements on particular assumptions that we have made in light of our industry experience, the stage of product and market development, expected future developments and other factors that we believe are appropriate under the circumstances. These forward-looking statements are based on current expectations, beliefs, assumptions, estimates and forecasts about the businesses of the Company and the industries and markets in which the Company operates. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied in the forward-looking statements. These factors include, but are not limited to, those discussed in our Annual Report on Form 10-K under Item 1A "Risk Factors," including the following: (a) general economic conditions, and continued difficult economic circumstances in our industry or a reduction in spending by customers, (b) our ability to keep up with rapid technological changes, (c) the feasibility of our new electronics processing and emitter technology for broad-based product applications, (d) our licensing strategy to approach new markets is untested, (e) potential competitors who have greater resources and experience than we do may develop products and technologies that make ours obsolete, and (f) our competitive position will be seriously damaged if we cannot maintain and obtain patent protection for important differentiating aspects of our products or otherwise protect intellectual property rights in our technology or if our products are found to infringe on the intellectual property rights of others. As a result, there can be no assurance that the forward-looking statements included in this presentation will prove to be accurate or correct, and actual outcomes and results may differ materially from what is expressed or implied by the forward-looking statements. Projections and financial illustrations are based on factors and assumptions subject to significant uncertainty and should not be relied on as guidance as to future results and are subject to significant risk. The Company disclaims any intent or obligation to update these or any forward-looking statements, except as required by law.

Trademark Information: HSS is registered trademark of, and HyperSound ™ is a tradename of, Parametric Sound. All other trade names used herein are either trademarks or registered trademarks of the respective holders.
Formation

- Parametric Sound incorporated June 2010 as a subsidiary of Nasdaq LRAD Corporation
- Tax free spin-off completed in September 2010 (OTC:PAMT)
- Institutional and management financial backing funded spin-off and digital signage product introduction
- April 2012 completed $9.24 Million Secondary – Uplisted to NASDAQ
- Corporate office, research lab and production facility in San Diego
Disruptive Technology

- HyperSound – sound creation along a directional ultrasonic beam
- Ultrathin form factor – matches trend and need in display technologies
- Emitter technology – beams audio like a laser and immerses the listener in sound
- Ability to focus sound into a beam – key to commercial applications for home entertainment, video gaming, health care, mobile devices, tablets, computers, digital signage, kiosks and slot machines
- Generates a clear, distinct and robust 3D sound image from stereo content using 2 ultrathin emitters
- Strong IP
Add Value To Large Markets

- Gaming Consoles/Computers
  - 400 million PCs sold each year
  - 250 million game capable PCs sold in 2011

- Digital Signage/Kiosks
  - $4-$5 billion market
  - 3 million interactive kiosks expected by 2016

- Slot Machines
  - Over 4 million casino slot machines

- Tablets
  - 86 million tablets expected to be sold during 2012

- Smart Phones
  - 300 million smart phones sold in 2010

- Healthcare
  - Over 36 million Americans suffer from hearing loss

- Home Theater Systems
  - 214 million flat panel TVs sold in 2010

- $68 billion video gaming market
Revenue Strategy

- **Marketing strategy**
  - Demonstrate technology in easy to access markets
  - Identify and pursue worldwide leaders in each product category

- **Licensing strategy**
  - Engage worldwide category leaders through NDA’s
    - > 20 NDA’s signed with strategic business prospects
  - Leverage early prototypes to create co-development projects to demonstrate disruptive attributes
    - Early stage of co-development with multiple parties
  - License and support key OEMs and VARs
    - Time advantage licenses targeted

- **Manufacturing strategy**
  - Low volume in-house manufacturing now established
  - High volume manufacturing to be established with strategic partners
Growth Plan

Product Sales – Integrators & Partners

- FY 2012
  - Improved HSS
  - Directed Audio System
- Digital Signage
- Interactive Kiosks

IP Strategy – Partner and License

- FY 2013
  - Entertainment and Casino Gaming
  - Computers & Video Gaming
  - TVs & Home Theater
  - Multimedia Devices
  - Slot Machines
- FY 2013
  - Healthcare
  - Personal Sound Amplification
  - Assisted Listening Devices
  - Targeted Medical Applications
- FY 2013-2014
  - Mobile Devices
  - PDAs and Smart Phones
  - Tablets

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Through a wholly owned subsidiary, Via Licensing Corporation, Dolby administers joint patent licensing programs, or patent pools, on behalf of third party patent owners. Some of the patent pools also include Dolby patents.

**BUSINESS STRATEGY**

Early on, Dolby decided the company would generate revenue by licensing technologies to original equipment manufacturers (“OEM”) of consumer entertainment products and software vendors.

**IP STRATEGY**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensing Revenue</td>
<td>$710M</td>
<td>$790M</td>
<td>$795M</td>
</tr>
<tr>
<td>% of Total Revenue</td>
<td>77%</td>
<td>83%</td>
<td>86%</td>
</tr>
</tbody>
</table>

Licensing revenue constitutes the majority of Dolby’s total revenue.

**FINANCIAL SUMMARY**

- Market Cap: $3.1 B
- Ave Vol (3 m): 861M
- 52 wk Range: $28.66-$45.83
- Total Rev (FY’ 12): $926M
- Gross Profit (FY’ 12): $834M
- Gross Profit %: 90%
Universal Display Corporation is a world leader in the development of state-of-the-art OLED technology for use in flat panel displays, lighting and organic electronics.

**BUSINESS STRATEGY**

**Technology Licensing** – Universal Display’s primary business strategy is technology licensing. With over 1000 issued and pending patents worldwide, the goal is to enable OLED manufacturers to produce high-performance products with enhanced product features and competitive advantage using a broad portfolio of OLED technologies.

**IP STRATEGY**

Licensing revenue constitutes the majority of Universal Display revenue.

**FINANCIAL SUMMARY**

- Market Cap: $1.3 B
- Total Rev (FY’11): $61.2M
- 52 wk Range: $21.55 - $48.07
- P/E: 134
Competition

- Limited competition in directional sound space
  - Panphonics (Sound Shower – Traditional Speaker)
  - Holosonic Research Labs (Audio Spotlight)
  - Brown Innovations (Sound Domes)

- Economical technology for vast consumer markets

- Other companies tried to commercialize this technology but failed

- Sound quality and high manufacturing cost prevented entry to market
Strong IP

- Pioneered directed audio
- Technology leader
- 23 U.S. patents, 2 foreign and 10 pending plus related foreign patents pending
- Additional patent filings targeted for 2013
- Fundamental IP makes “knock-offs” difficult
- Strong IP supports licensing for volume markets
- Recent IP development –
  - New patented technology implemented creating consumer quality sound
  - Implemented simplified economical electronic design
  - New emitter technology enables ultrathin and economical emitters
## Development Roadmap

<table>
<thead>
<tr>
<th>Markets</th>
<th>Current HSS-3000 Product</th>
<th>Emitter Form Factor &amp; Industrial Design</th>
<th>Electronics Reduction/Emitter &amp; Industrial Design</th>
<th>Custom Chip/Modified Emitter Design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Signage &amp; Kiosks</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass Kiosk Mkt/Slot Machines/POS</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Multimedia/TVs/Home Theater</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Computers/Video Gaming</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Healthcare</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Mobile Devices</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movies and Cinema</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
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## Capitalization (9/30/12)

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
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</thead>
<tbody>
<tr>
<td>Shares Outstanding</td>
<td>6,408,151</td>
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<tr>
<td>Warrants</td>
<td>525,339</td>
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<tr>
<td></td>
<td>Weighted average strike price $4.48</td>
</tr>
<tr>
<td>Options - Vested</td>
<td>608,771</td>
</tr>
<tr>
<td></td>
<td>Weighted average strike price $2.90</td>
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<tr>
<td>Options – Total</td>
<td>1.17 million</td>
</tr>
<tr>
<td></td>
<td>Weighted average strike price $3.93</td>
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<tr>
<td>Institutional Ownership</td>
<td>24%</td>
</tr>
<tr>
<td>Management Ownership</td>
<td>27%</td>
</tr>
</tbody>
</table>
Recent Developments

- Completed $9.24M secondary offering- $8.0M net proceeds
- Uplisted to NASDAQ Capital Market
- Kenneth Potashner – Assumed Operations as Executive Chairman in March 2012
- Identified health care as new market with significant opportunity
  - Reviewing technology with industry professionals
  - Consumer preference testing very encouraging
  - Developing product and regulatory roadmap
- Executed a License Agreement with Epsilon Electronics for specific agreed consumer products
- Added business development and engineering staff
- Expanded distribution channels for digital signage sales
- Consolidating corporate, production and engineering in new 7,000 square foot location in San Diego
  - Separate inventions lab focused on new innovations
Product Licensing Target Examples

- **Home entertainment – 3D**
  - Flat panel TV speakers
  - Sound bars
  - Home audio systems
  - Portable audio

- **Computer gaming – 3D**
  - Playstation / Xbox / Nintendo type gaming
  - 2.1 system for PCs

- **Health care – clarity of HyperSound**
  - Personal sound amplification
  - Assisted listening devices
  - Targeted medical applications

- **Other - directionality**
  - Automobile / cinema and many more
<table>
<thead>
<tr>
<th>Financial Information (September 30, 2012)</th>
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</thead>
<tbody>
<tr>
<td><strong>Amount</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
</tr>
<tr>
<td>Working capital</td>
</tr>
<tr>
<td>Total assets</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
</tr>
</tbody>
</table>
Ken Potashner – Accomplished Leader

- Kenneth Potashner – Executive Chairman
- Extensive executive and BOD level experience leading high growth, high technology global organizations
- Chairman of Board
  - Newport Corporation (Present) – An industry leader in the photonics sector with 2011 revenues projected to exceed $500M
Elwood Norris – President is original inventor of HyperSound technology

Winner of the 2005 Lemelson-MIT $500,000 prize for revolutionizing acoustics

Norris has been inventing for more than 30 years
- 46 patents granted; other pending patents
- Popular Science – 2002 Grand Award

Record of successful inventions
- Earphone technology later evolved into the JABRA headsets
- Doppler tool evolved into the sonogram
- Patriot’s GPR resulted in major chip innovations/licensing
- e.Digital’s flash memory technology now used in cameras and computers worldwide/ licensing major consumer product companies
## Management and Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>Kenneth F. Potashner</td>
<td>Executive Chairman</td>
</tr>
<tr>
<td>Elwood G. Norris</td>
<td>President and Founder</td>
</tr>
<tr>
<td>James A. Barnes</td>
<td>CFO, Treasurer, Secretary and Founder</td>
</tr>
<tr>
<td>Dr. Seth Putterman</td>
<td>Independent Director</td>
</tr>
<tr>
<td></td>
<td>UCLA Professor of Physics</td>
</tr>
<tr>
<td>Dr. Robert Kaplan</td>
<td>Independent Director</td>
</tr>
<tr>
<td></td>
<td>Extensive financial experience</td>
</tr>
<tr>
<td>Dr. Andrew Wolfe</td>
<td>Independent Director</td>
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<tr>
<td></td>
<td>Recognized IP expert</td>
</tr>
<tr>
<td>James L. Honore</td>
<td>Retired EVP Sony Pictures Entertainment</td>
</tr>
</tbody>
</table>
Summary – Key Points

- Parametric Sound is pioneering industry leader
  - Mission is to dominate a fundamental new way of producing sound across commercial and consumer markets worldwide

- Strong IP – a disruptive technology
  - Like lasers changed how light is used – HyperSound changes how sound is used
  - Broad range of product applications
  - Large growing worldwide markets

- Experienced executive management

- Limited competition – strong barriers to entry

- Clearly definable progress
  - Goal of 2-3 significant licenses by April 2013
  - Launch of health subsidiary