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audiopixels®
Breaking the Barriers of Sound

21 May 2021

Supplementary Information to Appendix 4C

We refer to the Appendix 4C and Activity Statement for the quarter ended 31 March 2021 lodged with ASX on 27 April 2021.

ASX has requested that we provide more details of expenditures on development activities during the reporting period in accordance with Listing Rule 4.7C.1. Further details of these activities and expenditures are provided as follows:

- Permanent Increase in staffing expenditures: two additional engineers were added to the Company's R&D staff (mechanical engineer - specializing in chip packaging, electronics engineer – specializing in electronic board design).
- Moderate increase in expenditures related to the production of materials required for chip packaging and the fabrication of demonstration boards.
- A diversity of activities requiring subcontractors were undertaken during the period leading to a meaningful increase in third party expenditures as follows:
    - Development of Multiphysics simulation models
        - Contract two separate vendors that specialize in Multiphysics modelling.
        - Acquire related software Licenses.
        - Enhance computational / server capabilities required to run simulations.
    - In support of verification of the Multiphysics modelling activities, the Company had to upgrade its measurement capabilities. Third party vendors specializing in machine vision and machine-learning were contracted to support the Company's enhancement of its measurement capabilities.
    - Chip Packaging –
        - The impact of Covid-19 severely hampered the production capabilities of our primary chip packaging vendor, forcing the Company to qualify and guide a "temporary" alternative vendor for the production of chip samples. This unplanned expense (and delay) which is still ongoing, has adversely impacted the Company's development expenditures.

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- The transition from producing and measuring devices of exposed silicon in wafer form to individually packaged chips required the services of an external vendor that specializes in particle free ("stealth") dicing of the wafer into separate chips. The dicing process was developed, tried and used during the period.

The amount included in Item 6.1 includes directors' fees and superannuation paid to entities associated with non-executive directors of $37,320 and consulting fees paid to entities associated with a non-executive director of $7,500.

This announcement has been authorised for release to ASX by Fred Bart, Chairman.