



ASX PRESS RELEASE

8 December 2016

## Response to an article in the Australian Financial Review

The Directors of BrainChip Holdings Ltd ("BrainChip" or the "Company") (ASX: BRN) wish to issue a clarification regarding the article in the Australian Financial Review (AFR) dated 5 December 2016, titled "Artificial Intelligence firm BrainChip wins Casino and Anti-Terrorist Deals".

The Company notes it was not provided an opportunity to review the AFR article prior to it being published.

In the article, it was stated that BrainChip is "poised to unveil a range of new clients including casino groups, major manufacturers, airports and US government departments". BrainChip did not state that it was "...poised to unveil a range of new clients..." outside of what has already been released to the ASX.

The Company discussed with the AFR the broad-based application of its technology and the interest it has received from potential users from a wide range of industries, with those industries having been disclosed in prior Company announcements to the ASX (see the Company's quarterly Company updates). As part of the Company's previously disclosed commercialisation strategy, the Company is regularly in discussions with potential customers in varying stages of development, including numerous potential customers who are presently trialing the Company's technology. For example, in the Company's last quarterly update released to ASX on 31 October 2016 the Company stated:

*"The Company anticipates additional commercial agreements in casino gaming, civil surveillance and visual inspection.*

*Global interest in our products is growing. At this juncture, we have commercial engagements, trials and meaningful discussions with large casino operators, airports, schools, natural resource providers and traffic control providers amongst others"*

The Company clarifies that there is no guarantee that these existing discussions will convert to material agreements. Reaching a commercial outcome is a very long and complex process, which can take many months and usually involves rigorous testing and trials by the potential client before the start of any commercial negotiations. For completeness, the Company does not generally consider individual announcements of trial or small scale deployments to be material (save for example circumstances where those deployments have a material effect to the Company's financial position) due to the small scale of the deployment, number of trials the Company conducts with potential customers at any one time and the obvious uncertainty with respect to a commercial outcome. Announcements are made to the ASX in accordance with the

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Company's continuous disclosure obligations where discussions result in material agreements being concluded.

The Company will continue to update the ASX with respect to any material transactions in accordance with its continuous disclosure obligations.

The article also mentioned that "...the company is near to closing another deal in the [casino] sector, this time with casino giant MGM, but that it is also beginning to pick up significant work in the fields of civil surveillance and industrial visual inspection".

BrainChip did not provide the AFR with any casino names, and is unaware of where the AFR sourced the name MGM from. To clarify the position, the Company can advise that the casino referred to in the Company's ASX announcement dated 29 September 2016 ('Roll out game protection technology at major Las Vegas casino') is the Aria Resort and Casino in Las Vegas, Nevada. This casino is an independently managed entity within the MGM collection of resorts and casinos.

BrainChip also confirms that there is an executed agreement dated 23 November 2016 to deploy its product at a second casino, Mohegan Sun, in Uncasville, Connecticut. The scale of the deployment is small, and is yet to occur as there are outstanding equipment matters to be satisfied. The Company does not consider the agreement to be material, but confirms that agreement is not with MGM.

Furthermore, the Company can confirm that it has received significant interest and is working with potential clients to apply its technology to civil surveillance and industrial visual inspection, but, as discussed above reaching a commercial outcome is a very long and complex process, which can take many months and usually involves rigorous testing and trials by the potential client before the start of any commercial negotiations. There is no guarantee that commercial negotiations with these potential clients will be successful.

The article goes on to report that "BrainChip is believed to be close to announcing a deal with a multibillion-dollar industrial services company".

The Company can confirm that it has received interest from a large European industrial group to explore the potential use of the Company's technology in a visual inspection system for its manufacturing process. The group is trialing the Company's technology but there is no guarantee of any near-term agreement. The Company will make an announcement in accordance with its continuous disclosure obligations if a material agreement is concluded.

The article further referred to the Company's technology being deployed by a major European police department and that the Company's technology is being investigated by a New York state school district. The Company confirms that it has commenced other trial deployments per its commercialisation strategy. BrainChip can confirm that these trial deployment users are a European law enforcement agency and a school district in the state of New York. BrainChip

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confirms there are no ongoing talks with other airport operators. BrainChip reminds investors that there is no guarantee the trial deployments will result in material commercial arrangements. Reference to trials was made by the Company in its October quarterly update, discussed above.

The Company confirms it is in compliance with listing rule 3.1 and will continue to make ASX announcements in accordance with its obligations under the ASX Listing Rules.

The Company requests its trading halt is lifted following the release of this announcement.

### **About BrainChip Holdings Ltd (ASX:BRN)**

BrainChip Holdings Ltd, is a leading provider of software and hardware accelerated solutions for Advanced Artificial Intelligence and Machine Learning applications. The Company's Spiking Neuron Adaptive Processor (SNAP) learns autonomously with a small sample set and provides real-time information for data analytics in image and video processing applications. The Company provides software and hardware solutions that address the high-performance requirements in Civil Surveillance, Gaming, Facial Recognition and Visual Inspection systems.

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