BrainChip Holdings Ltd March 2018 Quarter Update

- **Announcement of a Development, License and Revenue Sharing Agreement with Gaming Partners International (NASDAQ: GPIC)**

- **Announcement of Interoperability with Quantum Corporation (NASDAQ: QTM) StorNext large-scale storage**

- **Announcement with Veritone Inc. (OTC: VERI) of BrainChip Studio Integration as a Cognitive Engine with Veritone aiWare Software-as-a-Service (SaaS) and On-Premise Solution**

- **Continued End-User and Original Equipment Manufacturer Penetration and the addition of Bager Sales in Southern California**

- **Announcement of Luis Coello as Director of Sales in Europe**

- **Akida™ Spiking Neural Network Kernel Delivered to European Automobile Manufacturer**

- **Cash Receipts for the March Quarter of 2018 of US$500K (approximately A$650K)**

San Francisco – 30 April, 2018 BrainChip Holdings Ltd. ("BrainChip" or the "Company") (ASX: BRN), a leading developer of software and hardware accelerated solutions for advanced artificial intelligence (AI) and machine learning applications, is pleased to provide an update for the quarter ended 31 March 2018 to accompany the Company's quarterly cash flow report.

Significant developments for the quarter include a Joint Development, Licensing and Revenue Sharing Agreement with Gaming Partners International (NASDAQ: GPIC), a partnership with Quantum Corporation (NASDAQ: QTM) demonstrating interoperability of BrainChip Studio and the industry leading StorNext large-scale storage solution from Quantum, an Agreement with Veritone to support "End-User" requirements as a Cognitive Engine in their Software-as-a-Service (SaaS) platform, expansion of the Company's European Sales presence and the addition of the Company's first Manufactures' Representative, Bager Sales, in Southern California.

OPERATIONS

Completion of GPI Proof of Concept Design

During the first quarter of 2018 BrainChip and Gaming Partners International, Las Vegas, Nevada, signed a Joint Development, Licensing and Revenue Sharing Agreement. The GPI Automated Table System (ATS) will initially be deployed for currency security in Asia, primarily Macau and Singapore. The development is based on existing BrainChip intellectual property and new jointly developed intellectual property. The system will be showcased at the G2E Conference in Macau during the week of 15 May 2018. Commercial deployment is expected later in 2018. The utilisation of BrainChip's Spiking Neural Network (SNN) provides virtually instant currency security and correlation with Radio Frequency Identification (RFID) counts. Under the Development Agreement, upon completion of the Development Phases the Commercialisation Agreement which provides for a minimum 5-year Revenue Sharing arrangement cannot be terminated, is renewable and provides 25% of all GPI Revenue derived from the sale the jointly developed solution or technology to BrainChip. This commercial deployment represents potential revenue for the Company estimated in the range of US$5M to US$15M annually beginning in late 2018. GPI is responsible for product pricing and end-user demand creation.

Quantum Corporation Interoperability Established

Also during the quarter, BrainChip was selected to provide its AI-powered object search and facial recognition technology to Quantum Corporation. Quantum, San Jose, California is a leading supplier of large-scale storage including both disk and tape backup. Storage is a fundamental component in Civil Surveillance, Public Safety, Commercial Surveillance, the Internet-of-Things (IoT), Big Data and the Media and Entertainment markets. Other leading suppliers in the storage market include HP, Dell/EMC, IBM, NetApp and Hitachi. The Company's SNN search capabilities have already garnered attention with these large Original Equipment Manufacturers (OEMs). The storage market opportunity represents potential revenue for the Company estimated in the range of US$20M to US$30M annually beginning in late 2018 with significant growth opportunities as the technology is expected to achieve widespread adoption. The potential Revenue is based on the Company's expectations of modest penetration in a very large market. The opportunities represent either; an agreement to integrate BrainChip products with their system, or to market BrainChip products with their products to provide a complete solution.

End-User and Original Equipment Manufacturer (OEM) Penetration and the addition of Bager Sales in Southern California

During, and subsequent to the March Quarter of 2018 the Company has advanced sales coverage with the addition of Luis Coello as Director of Sales for EMEA. Luis brings decades of experience in the Surveillance market. We are now engaged with Law Enforcement, Homeland Security and Public Safety in France, Germany, the U.K., Sweden, Norway and Spain. Similarly, we have expanded in Australia and Asia with engagements that now include Singapore.

With regard to the Americas, we are now engaged with major Law Enforcement groups throughout the United States, including New York City, New York State, Baltimore and many others. The appointment of Bager Sales during the quarter has already initiated engagements with major OEMs in the Southern California and Arizona marketplaces. This "force-multiplier" is critical to our success in the End-User arena.

Akida™ Device Development

The Akida™ device is a complete Neuromorphic System-on-Chip (NSoC) and represents over a decade of work by Peter van der Made and our engineering teams. The Akida™ NSoC development is well along the path to refining product definition and implementation. The software kernel has been delivered to a major European automobile manufacture whose feedback is important to our implementation. The Company expects to move to an FPGA hardware implementation on schedule during the third quarter of 2018, as well as having a development environment available for key customers to develop SNNs on Akida™. Porting existing Convolutional Neural Networks (CNNs) to SNNs opens a large and immediate market while other learning modes (Autonomous Supervised and Unsupervised) support future use cases.

The Company's engineering resources are focused on refinements of pattern recognition for the GPI deployment and on the development of its revolutionary AKIDA™ Neuromorphic System-on-Chip (NSoC). The product is expected to be a leader in the emerging neuromorphic computing field, with multiple applications including robotics, gaming, surveillance, cybersecurity, financial technology, IoT and autonomous vehicles (including ADAS). The Neuromorphic integrated semiconductor market is expected to be US$4.8B in 2022 with a CAGR of 26.3% between 2016 and 2022 (Markets and Markets 2015 Report). The Akida™ compelling advantages of low-latency and low-power is expected to enable the Company to capture significant market share in this high-growth arena.
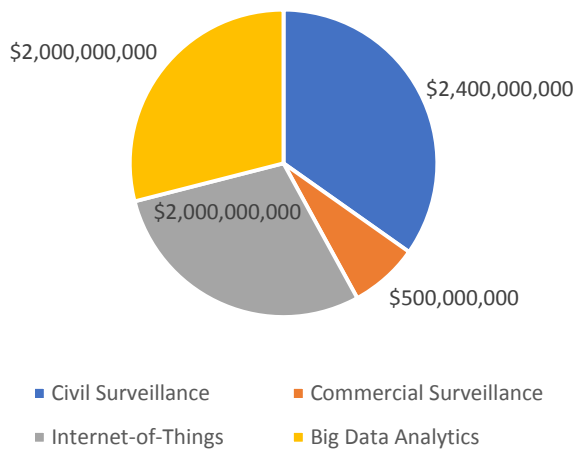
Quarterly Cash Flows

Operating activity cash flows in the March quarter of 2018 were an outflow of US$1.8 million, compared with US$1.9 million in the December 2017 quarter. The decrease in cash outflows was due primarily to higher receipts, offset in part by higher administrative and corporate costs associated with the launch of BrainChip Studio and Accelerator. The Company had US$13.9 million in cash at the end of the March 2018 quarter.

Outlook

Going forward, BrainChip expects continued sales growth with OEMs, System Integrators and End Users in 2018.

Below is a graphic representation of the Company's Served Available Market (SAM) value by markets segment for which the Company can provide solutions with BrainChip Studio and Accelerator and the Akida™ NSoC.

SERVED AVAILABLE MARKET (SAM) US$*

$2,000,000,000
$2,400,000,000
$2,000,000,000
$500,000,000

■ Civil Surveillance   ■ Commercial Surveillance
■ Internet-of-Things   ■ Big Data Analytics

*Statista 2016 Report and Company Estimates

The Company's recent participation in the SCTX Anti-Terrorism Conference in Las Vegas, Nevada generated an additional 179 leads and the commercial sales pipeline continues be robust with over 500 active leads, more than 100 recognised opportunities of which over 50 are well qualified with a lifetime value of over US$300M and 15 design wins with a lifetime value of approximately US$80M.

With regard to customer engagements that the Company has previously commented upon:

- Safran purchased new licenses during the March 2018 quarter
- The Paris and France Law Enforcement and Homeland Security Agency purchased new licenses in the March 2018 quarter
- In New York, the Lockport School district is deploying its security system and we expect to begin invoicing the project in the June 2018 quarter
- Rockwell Collins continues to market their perimeter detection system but has not provided a forecast
- Yveline in France is focused on secure entry and is expected move on to our analytic deployment in the September 2018 quarter
- New AV/ADAS automotive engagements continue to mature in Europe and the U.S. with OEMs and third-party providers
- New Financial Technology and Cybersecurity engagements are in early stages of discussion

The Company expects current products with active and future engagements to provide growth throughout 2018 and accelerate in 2019.

Forward looking statements

This press release and the accompanying Appendix 4C contains forward-looking statements, which address a variety of subjects including, for example, our statements regarding expected, including expected growth rates, expected product offerings, product development, marketing position and technical advances. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The Company's management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from our historical experience and our present expectations or projections.

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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 has developed a revolutionary new spiking neural network technology that can learn autonomously, evolve and associate information just like the human brain. The technology, which is proprietary, is fast, completely digital and consumes very low power. The Company provides software and hardware solutions that address the high-performance requirements in Civil Surveillance, Gaming, Facial Recognition and Visual Inspection systems. www.brainchipinc.com.

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