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BrainChip provides Corporate Update and 2016 Outlook

BrainChip Holdings Limited (“BrainChip” or “The Company”), developer of a revolutionary new Spiking Neuron Adaptive Processor (SNAP) technology that has the ability to learn autonomously, evolve and associate information just like the human brain, has provided a corporate update and outlook for 2016.

BrainChip offers a complete development solution for companies entering the neuromorphic semiconductor chip market, licensing its SNAP technology and IP to companies seeking to build and use fast, powerful, autonomous learning chips for their products and applications.

Corporate Update

- **Joint Development and Marketing Agreement Signed with Applied Brain Research** – In the first quarter of 2016, the Company signed a strategic joint development and marketing agreement with Applied Brain Research (ABR), a provider of an integrated technology software platform focused on building unified Artificial Intelligence (AI) systems. Coupling ABR’s software and BrainChip’s hardware offerings creates an eco-system for companies who want to enter the fast growing neuromorphic chip market. The partnership allows both companies to enhance their selling propositions by creating a referral relationship, whereby both companies will be promoting each other’s products and services on a non-exclusive basis, while also providing a complete neuromorphic development solution as an integrated hardware and software offering.
- **Technology Development** – In 2015 the Company achieved two key milestones ahead of schedule and successfully validated the technology and illustrated its scalability. BrainChip also implemented the technology in hardware, which further illustrated the capacity and speed of its SNAP technology. By March 2016 the



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Company expects to release a software API specification and a RTL design solution that will enable customers to create applications using Client/Server remote access to the SNAP hardware technology. This will make it possible for clients to develop their own solutions accessing the BrainChip SNAP hardware over a local area network or the internet.

- **IP Protected** – Protecting intellectual property is a central part of BrainChip’s business plan and the Company will continue to expand its core technology patents. In 2008 BrainChip was the first company to file a digital neuromorphic chip patent, which became the Company’s first granted patent and has received 25 patent citations by leading technology players in the industry. The growing number of citations on BrainChip’s core patent indicates that the market is growing and that companies are investing in neuromorphic technology. The Company also has four patents that were filed in 2015 and are currently pending. BrainChip will continue to expand its patent portfolio during 2016.
- **Management Team & Board** – One of the Company's primary goals is to build a world class team of experienced leaders. Founder and CEO of BrainChip, Peter AJ van der Made, is the inventor of the SNAP technology. He is a 40-year industry veteran and the inventor of a computer immune system at vCIS Technology where he served as CTO, and then Chief Scientist when it was acquired by Internet Security Systems, and subsequently IBM. BrainChip’s COO and Senior VP of Engineering, Anil Mankar, has over 30 years of experience developing products in the semiconductor industry and has held senior roles at Western Digital, Conexant Systems, Inc. and MindSpeed Technologies. The board of directors includes Chairman Mick Bolto, with over 30 years of legal, advisory and corporate experience, Adam Osseiran, who has a notable engineering background with extensive technical business development experience, and Neil Rinaldi, who has over 15 years of experience in corporate advisory and financial services.

Management Commentary

"We have now set the stage for accelerating our core growth strategy to further develop and then license our SNAP technology for application in a wide range of products around the world," said Peter van der Made, Founder and CEO of BrainChip. "With our transition to a publicly traded



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company, successful hardware implementation, appointment of a highly qualified management team and board, along with our patented technology, we are now prepared to focus on growing a network of technology partners, OEMs and other neuromorphic companies pertinent to our technology.

“The neuromorphic chip industry is growing rapidly and is estimated to be worth \$4.8 billion by 2022, with a CAGR of over 26% between 2016 and 2022¹. We believe BrainChip is positioned to be the de facto standard for fast, compact and autonomous learning Neural Network IP in the market.”

SNAP Technology

BrainChip’s SNAP technology is not application-specific, but a core enabling technology that accelerates neuromorphic semiconductor chips. Neuromorphic chips can be used in nearly any smart application or product for pattern recognition and to enable autonomous learning – a massive and unlimited potential market with end market applications in smartphones, the Internet of Things (IoT), robotics, gaming, driverless vehicles, drones and air transport, as well as security and cyber security, among others.

SNAP is orders of magnitude faster than current software neural networks and performs at a consistently high speed, regardless of network size. The technology is able to learn autonomously and extract features from input streams. SNAP has a revolutionary digital, hardware-only design with no software. The technology is very energy efficient, enabling large networks to be integrated into portable devices, such as smartphones, and operates faster at a fraction of the power consumption of current Graphics Processing Units (GPUs) and software neural networks. SNAP performs massive parallel processing, where all neural nodes are updated at the same instant causing the device to be thousands of times faster than computer based software neural networks.

Business & Revenue Model

BrainChip generates revenue from three primary sources – licensing fees, NRE fees and royalty payments.

The Company will first generate licensing fees by providing its SNAP technology via a complete development solution to partners and semiconductor companies that want to enter the neuromorphic



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semiconductor chip market. Several of these partners are expected to be signed in 2016. These licensees are expected to design and manufacture applications utilizing the BrainChip SNAP technology, which will generate NRE fees. The chip is then incorporated into a digital electronic product which is sold to the consumer.

In addition to NRE and licensing fees, BrainChip will receive royalties, typically based on a percentage of the chip price for every chip sold by the semiconductor and partner company containing BrainChip's SNAP technology. Many customers are able to re-use the same SNAP technology in many different chips going into a broad range of end markets, with each new chip starting a new income stream of license fees, NRE fees and royalties.

2016 Expected Milestones

- Delivery of a SNAP Client/Server Application Programming Interface (API) expected in Q1 2016
- Additional partnership announcements expected in the first half of 2016.
- 1-2 license agreements to be signed by the end of 2016
- Expansion of the SNAP Neural network size, and expected product integration.
- Expansion of the Company's IP portfolio by 5-10 additional patent filings
- Upgrading of BrainChip's current OTC listing in the U.S. to the OTCQX International marketplace. Trading on OTCQX is designed to provide U.S. investors with timely news and information to help them better analyze, value and trade BrainChip securities.

About BrainChip Holdings Limited

BrainChip Holdings Limited (BRN.AX), located in Aliso Viejo, CA, has developed a revolutionary new Spiking Neuron Adaptive Processor (SNAP) technology that has the ability to learn autonomously, evolve and associate information just like the human brain. The technology is fast, completely digital, and consumes very low power, making it feasible to integrate large networks into Smart phones and devices, something that has never been possible before. Additional information is available by visiting www.brainchipinc.com.



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Forward Looking Statements

This press release may contain certain forward-looking statements and information, as defined within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and is subject to the Safe Harbor created by those sections. This material contains statements about expected future events and/or financial results that are forward-looking in nature and subject to risks and uncertainties. Such forward-looking statements by definition involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of BrainChip Holdings Limited to be materially different from the statements made herein.

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ⁱ <http://www.marketsandmarkets.com/Market-Reports/neuromorphic-chip-market-227703024.html>