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President and CEO

March 2018 Quarter Update

Presented 1st May 2018

brainchip 

ASX CODE: BRN | “AN AI PROCESSOR COMPANY”

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BrainChip Update March Quarter 2018

- 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)

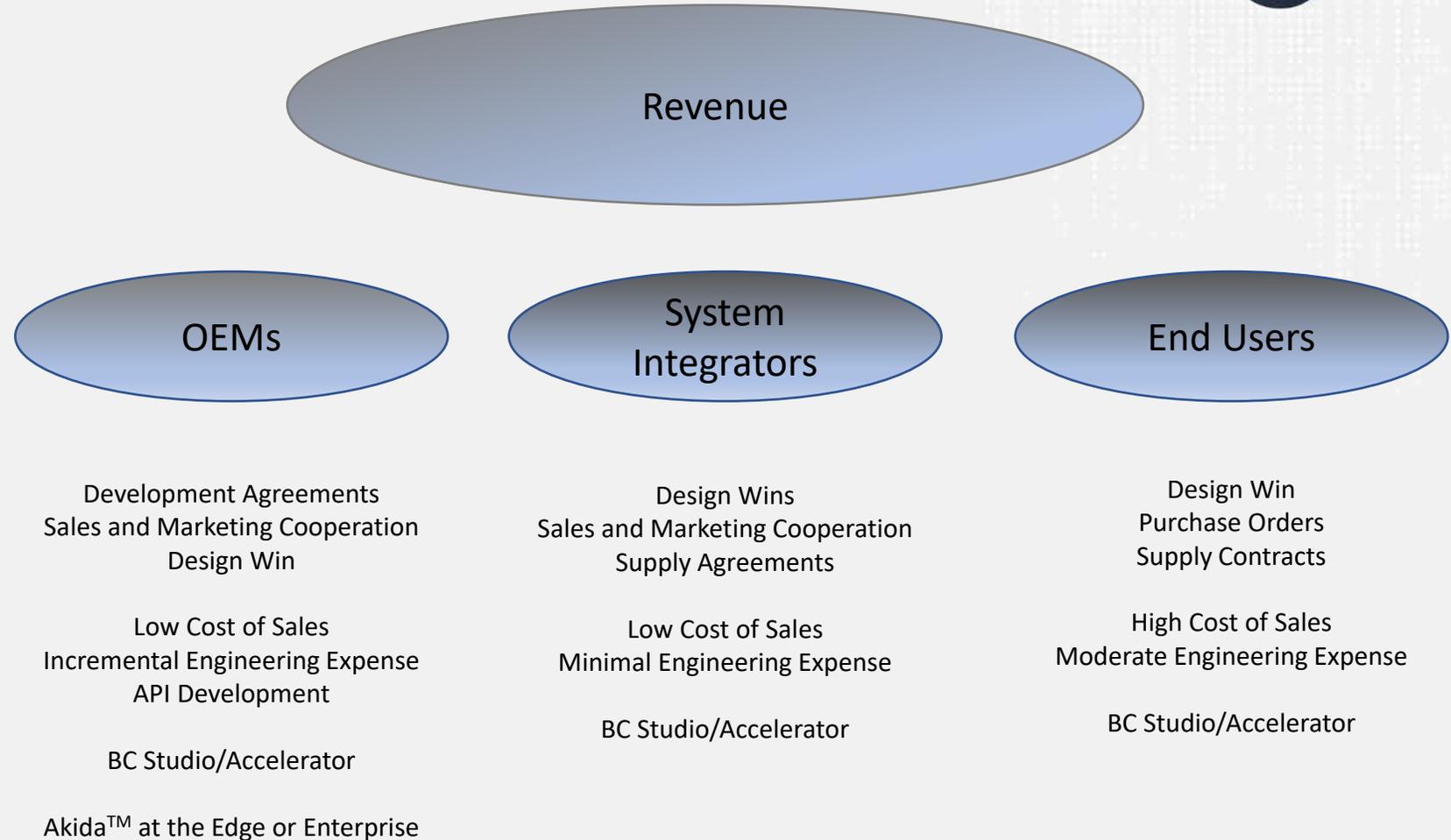
BrainChip Sales Business Development Model

- Sales Model

- OEM Engagements
- System Integrator Engagements
- End-User Engagements

- Sales Process

- Leads
- Opportunities
- Qualified Opportunities
- Design Wins
- Revenue



Gaming Products Int'l (OEM Engagement)



- 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 utilization of BrainChip's Spiking Neural Network (SNN) provides virtually instant currency security and correlation with Radio Frequency Identification (RFID) counts.

Gaming Products Int'l (OEM Engagement)

- Under the Development Agreement, upon completion of the Development Phases the Commercial Agreement becomes a 5-year Revenue Sharing arrangement that cannot be terminated; it is Renewable and provides 25% of all GPI Revenue derived from the sale the Developed 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 (OEM Engagement)



- 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. Agreements with OEM partners are not Supply Agreements. They represent either; an agreement to integrate BrainChip products with their system, or to market BrainChip products with their products to provide a complete solution.

BrainChip Sales Development



- Addition of Luis Coello as Director of Sales for EMEA. Luis brings decades of experience in the Surveillance market.
- The Company is 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, the Company is now engaged with major Law Enforcement groups throughout the United States, including New York City, New York State, Baltimore and 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.

BrainChip a Global Company



- Northern California, U.S. Business Development and Administration
- Southern California, U.S. Research and Hardware Design
- Toulouse, France, Research and Software Design
- Barcelona, Spain, Sales and Marketing
- Sydney, NSW, Australia, Sales and Marketing
- Perth, WA, Australia, Finance

BrainChip Akida™ 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.

BrainChip Product Development Update



- 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 (AV); including Advanced Driver Assisted Systems (ADAS).

BrainChip Product Development Update



- 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.

BrainChip Cash Flow Update

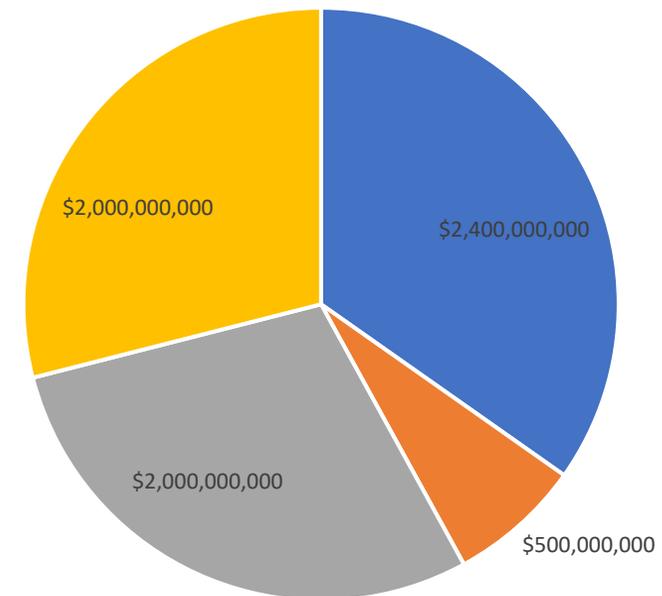


- Operating activity cash flows in the March quarter of 2018 were an outflow of US\$1.8 million, compared with US\$1.9 million in the December 2017 quarter.
- The decrease in cash outflows was due primarily to higher receipts, offset in part by higher administrative and corporate costs associated with the launch of BrainChip Studio and Accelerator.
- US\$500k cash inflows derived from numerous customers and partners in US and France.
- The Company had US\$13.9 million in cash at the end of the March 2018 quarter.

BrainChip Outlook Update

- BrainChip expects continued sales growth with OEMs, System Integrators and other partners in 2018.
- 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\$*



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

*Statista 2016 report and Company Estimates

BrainChip Sales Pipeline Update



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



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Q & A