

BrainChip Holdings Ltd Appendix 4C & Quarterly Activities Report for the Period Ended 31 March 2024

- Cash Balance as of 31 March 2024 US\$13M.

Sydney – 27 April 2024 – [BrainChip Holdings Ltd](#) (ASX: **BRN**, OTCQX: **BRCHF**, **BCHPY**), the world's first commercial producer of neuromorphic artificial intelligence chips, today provides the Quarterly Activities Report in conjunction with its Appendix 4C lodged for the quarter ending 31 March 2024.

CEO STATEMENT

The period from December 2023 to the end of March 2024, marked a quarter of significant transformation and growth for the Company.

In January, the Company participated in, and presented at, the Consumer Electronic Show 2024 (CES 2024) in Las Vegas, the world's largest showcase for consumer electronic products.

This was the first year that BrainChip had a major presence at the CES show and demonstrated our products in conjunction with our ecosystem partners. Before, during and after CES, the Sales and Marketing Team generated a significant number of podcast interviews with global technology leaders about the growth of Edge AI applications in consumer electronic technology and the emergence of neuromorphic AI as a key to enabling faster and more power-efficient compute at The Edge. More importantly, the Company's attendance at CES generated a significant amount of new customer prospects, which have been followed up by meetings and ongoing engagements.

On 2nd January, the Company announced the termination of a Consultancy Agreement with chair Mr. Antonio J. Viana. The Consultancy Agreement, which was initiated during a time when there was an "acting CEO", provided additional, and much-needed specialist advice and strategic support during the roll-out of BrainChip's IP-focused commercialisation strategy, and the rapid growth and development of the Sales & Marketing Team throughout 2022/23. However, it was mutually agreed that the Consultancy had served its purpose and the Agreement was terminated on 31 December 2023.

On 21 February BrainChip demonstrated human behaviour AI at Intel Foundry Services (IFS) Direct Connect 2024 at the San Jose McEnery Convention Center in California.

The event brought together Intel process technology leadership, industry's leading lights in technology, and partners, including BrainChip, to showcase their strategies for success in the high-

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growth semiconductor market. BrainChip spotlighted Akida's neuromorphic advantage, emphasizing the scalability of its IP within Intel's Open System Foundry.

Among the highlights of IFS Direct Connect was a demonstration of NVISO Group AI Human Behavioural Software and BrainChip's Akida neuromorphic compute. The resulting system monitors the state of the users through real-time perception and observation of head and body pose, eye tracking and gaze, as well as emotion detection.

In early February, the Company released the fourth edition in its series of Quarterly Investor Podcasts, featuring an interview between BrainChip CEO Sean Hehir and Director of Global Investor Relations Tony Dawe. The podcast addressed some of the more frequently asked questions by investors. The next edition of the Quarterly Investor Podcast will be released on the Company website and through social media channels in early May.

In late February, BrainChip conducted the inaugural Virtual Investor Roadshow, which was intended to provide all BrainChip shareholders with an opportunity to hear an update on the Company's commercialisation strategy, to listen to both the CEO and the newly appointed CTO discuss the roll-out of new products such as Akida 2.0 and the Akida Edge Box hardware product, and importantly, to ask questions. The Virtual Investor Roadshow is part of an ongoing effort to enhance communication with investors and proved very popular. It will be repeated later this year.

In early March, the Company conducted a series of meetings in Sydney and Melbourne with major Australian proxy advisors. These meetings, which were attended by our CEO, the chair of the boards' Remuneration & Nominations Committee Ms. Pia Turcinov and the Director of Global Investor Relations Mr Tony Dawe, provided an opportunity for BrainChip to discuss the very significant improvements made to its Remuneration Policies over the previous year and to receive valuable feedback and guidance on evolving market expectations concerning corporate governance and corporate reporting requirements, including ESG-related matters.

On 27 February, BrainChip opened its product shopping portal to accept pre-orders of its recently announced Akida Edge AI Box. The Akida Edge AI box, built in collaboration with VVDN Technologies, is expected to help customers accelerate high-performance AI applications at the Edge in challenging environments where energy-efficiency is essential and cloud connectivity is not guaranteed.

The Akida Edge AI Box is designed to meet the demanding needs of retail and security, Smart City, automotive, transportation and industrial applications. The device combines a powerful quad-core CPU platform with Akida AI accelerators to provide a huge boost in AI performance. The compact, light Akida Edge AI Box is cost-effective and versatile with built in ethernet and Wi-Fi connectivity, HD display support, extensible storage, and USB interfaces.

BrainChip and VVDN are finalizing the set of AI applications that will run out of the box. With the ability to personalize and learn on device, the box can be customized per application and per user without the need for cloud support, enhancing privacy and security.

On 5 March, the Company announced that its Akida technology had been launched into low-earth orbit aboard the Optimus-1 spacecraft built by the Space Machines Company. The successful launch is another milestone for BrainChip's innovative AI acceleration solution in the burgeoning SpaceTech industry, which needs advanced learning and decision-making processes in challenging space conditions.

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Akida is built into the ANT61 Brain™ computer, which serves as the primary intelligent control for a series of repair and maintenance robots that will be used to remotely repair damaged space vehicles. This autonomy demands high-performance AI computation under severe energy, power, and thermal constraints. This makes it an application for Akida's event-based, neuromorphic architecture that can deliver the necessary high performance with extremely low power operation.

Additionally, Akida's unique on-chip learning also enables the ANT61 Brain to learn and adapt, which is critical in constrained space environments where variables are constantly changing. "We've teamed up with BrainChip to create autonomous infrastructure maintenance robots that leverage an AI-driven 'Brain' to perform complex repair tasks in the unforgiving vacuum of space," said Mikhail Asavkin, CEO, and founder of ANT61. "This launch is an important milestone towards that goal. We plan to start operating the world's first neuromorphic space-grade computer in two months after the launch."

Mark Ramsey, COO of the Space Machines Company, added, "Space is a tough and unforgiving environment and needs innovative technologies like BrainChip's Akida and ANT61's Brain to deliver efficient processing and remote learning to adapt to ever-changing environments and mission-critical situations. These innovations can ultimately support Space Machines Company's vision to provide roadside assistance in orbit."

With the success of the launch behind it, the ANT61 Brain will begin operation in the coming months with plans to refine its robot's vision system, training with a video directly from the satellite's cameras. The ANT61 Brain utilizes the AKD1000 of BrainChip's first-generation Akida technology.

On 27 March, BrainChip issued a Capital Call Notice to LDA Capital Limited and LDA Capital LLC ("LDA Capital") to subscribe for up to 40 million BRN shares. The Company is committed to drawing down a minimum of A\$12 million no later than 31 December 2024, of which A\$1.1M has already been drawn.

The purpose of the Capital Call was to ensure BrainChip had sufficient cash reserves to solidify its go-to-market capabilities by augmenting our machine learning personnel and solution architects who are necessary to support accelerating market adoption of the Akida 2.0 IP offerings. The Company will also bolster the CTO function, enabling radical innovation required to bring large language models (LLM), multi-modal operation and other state-of-the-art AI to the Edge and ensure BrainChip remains the leader in hyper-efficient Edge AI.

The University of Western Australia (UWA) became the first Australian educational institution to become a member of the BrainChip University AI Accelerator Program and is joined by Cornell Tech as the latest institutions to join the increasingly popular program.

Cornell Tech is an applied sciences and engineering campus in New York City, founded by Cornell University in conjunction with the Technion - Israel Institute of Technology, both premier institutions in engineering and technology.

UWA, based in Perth, is where BrainChip's founder Peter van der Made worked to develop the initial design concepts for the Akida neuromorphic processor.

UWA and Cornell Tech join the University of Oklahoma, Arizona State University, University of Virginia, Carnegie Mellon University and the Rochester Institute of Technology in the program. The BrainChip University AI Accelerator Program is intended to share BrainChip's technical

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knowledge and promote leading-edge discoveries and position students to be next-generation technology innovators.

In addition to the Quarterly Investor Podcast, the Company continues to deliver its series of “This is Our Mission” podcasts to address broader thematic within the AI sector and gain the perspectives of leading figures across the technology sector. The Company also releases a monthly newsletter via its website to provide regular updates to interested parties.

FINANCIAL UPDATE

The Company ended the March Quarter with US\$13.0M in cash compared to US\$14.3M in the prior quarter.

BrainChip reported net operating cash outflows of US\$4.4M vs.US\$3.3M in the prior quarter.

Cash inflow from customers in the current quarter of US\$0.09M was significantly lower than the prior quarter (US\$0.78M).

Total payments to suppliers and employees of US\$4.9M in the current quarter was slightly higher than the prior quarter (US\$4.2M) due to the payment of 2023 bonuses to employees of US\$0.1M, increased third party marketing & sales services and the renewal of corporate insurance policies (\$0.22M) and other increased corporate costs.

Cash used for operating activities includes payments to BrainChip’s Board of Directors totaling US\$212,113 as noted in item 6.1 of the accompanying Appendix 4C, comprising fees for Non-Executive Directors and salaries for Executive Directors.

Cash inflows from financing activities included \$2.5M (A\$3.8M) received upon the completion of the capital call notice that was issued to LDA Capital in December 2023, and resulting in the sale of 23.7M shares. BrainChip also received \$0.54M resulting from the exercise of Long-Term Incentive Plan (“LTIP”) stock options by participants.

BrainChip has entities in Perth, Australia; Laguna Hills, California (United States); Toulouse, France; and Hyderabad, India.

This announcement is authorised for release by the BRN Board of Directors.

About BrainChip Holdings Ltd (ASX: BRN)

BrainChip is the worldwide leader in edge AI on-chip processing and learning. The Company’s first-to-market neuromorphic processor, Akida™, mimics the human brain to analyze only essential sensor inputs at the point of acquisition, processing data with unparalleled efficiency, precision, and economy of energy. Keeping machine learning local to the chip, independent of the cloud, also dramatically reduces latency while improving privacy and data security. In enabling effective edge compute to be universally deployable across real world applications such as connected cars, consumer electronics, and industrial IoT, BrainChip is proving that on-chip AI, close to the sensor, is the future for its customers’ products as well as the planet. Explore the benefits of Essential AI at www.brainchip.com.

Additional information is available at:

<https://www.brainchipinc.com>

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

BrainChip Holdings Ltd

ABN

64 151 159 812

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	90	90
1.2 Payments for		
(a) research and development	(1,940)	(1,940)
(b) product manufacturing and operating costs	(25)	(25)
(c) advertising and marketing	(1,367)	(1,367)
(d) leased assets	-	-
(e) staff costs	(764)	(764)
(f) administration and corporate costs	(788)	(788)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	113	113
1.5 Interest and other costs of finance paid	(21)	(21)
1.6 Income taxes paid	(18)	(18)
1.7 Government grants and tax incentives	329	329
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,391)	(4,391)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(17)	(17)

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(17)	(17)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	2,536	2,536
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	543	543
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(26)	(26)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)		
- Reduction in leases	(109)	(109)
- Funds received from shareholders on exercise of options	89	89
3.10 Net cash from / (used in) financing activities	3,033	3,033

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,343	14,343
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,391)	(4,391)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(17)	(17)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,033	3,033
4.5	Effect of movement in exchange rates on cash held	(8)	(8)
4.6	Cash and cash equivalents at end of period	12,960	12,960

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	12,919	14,301
5.2	Call deposits	41	42
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,960	14,343

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	212
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	687	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	687	-
7.5 Unused financing facilities available at quarter end		687
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>BrainChip SAS has a secured overdraft facility with Credit Agricole, France, to the value of 20,000 Euros which incurs interest at 8.39%.</p> <p>BrainChip Inc has an Irrevocable Standby Letter of Credit to the value of US\$665,000 with First Republic Bank as security for the office lease. The Letter of Credit expires 31 May 2027 and incurs interest at 0.9%.</p>		

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,391)
8.2 Cash and cash equivalents at quarter end (item 4.6)	12,960
8.3 Unused finance facilities available at quarter end (item 7.5)	687
8.4 Total available funding (item 8.2 + item 8.3)	13,647
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.1
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

29 April 2024

Date:

Board of Directors

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.