



ASX Announcement

BrainChip Holdings Ltd Appendix 4C & Quarterly Activities Report for the Period Ended 31 March 2023

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- Cash Balance as of 31 March 2023 US\$17.7M
 - Launch of Akida 2.0 AI IP technology platform

Sydney – 27 April 2023 – [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 2023.

CEO STATEMENT

In March 2023, BrainChip launched the second generation of its Akida™ platform aimed at satisfying customer requests for expanded predictive intelligence, target tracking, object detection, scene segmentation and advanced vision capabilities. This critical product significantly expands the numbers of use cases Akida can address thus increasing the number of potential customers. This marketing launch generated over 30 independent articles, significant coverage by multiple industry analysts, and more than doubled our social media impressions .

Our 2nd Generation Akida™ platform garnered an Embeddy award for IP. VDC Research, a B2B technology market intelligence and consulting firm with more than 50 years of experience in the industry, recognizes companies making important advances in the IoT and embedded software, hardware, and services industries. The Embeddy is awarded for the most cutting-edge product or service available. We are delighted to receive this industry recognition.

In January 2023, BrainChip submitted a capital call notice to LDA Capital Limited and LDA Capital LLC ("LDA Capital") to subscribe for up to 30,000,000 shares with an option for LDA Capital to subscribe up to an additional 10,000,000 shares subject to the approval of BrainChip. Subsequent to the quarter end, A\$12,232,543 was received from LDA Capital upon the issue of 20,756,540 shares. Funds raised through this capital call notice will be deployed to strengthen the Company's global sales capabilities and engineering support team ahead of the release of Akida 2.0 later this year.

In March 2023 we announced we validated that the Akida™ processor family integrates with the Arm® Cortex®-M85 processor, unlocking new levels of performance and efficiency for next-generation intelligent edge devices.

The recently ended Quarter amplified the execution of the Company's commercialisation for our Akida™ neuromorphic IP by adding critical talent in Japan and Germany.

In the coming quarter, the Company will focus on key sales targets and converting technical evaluations into paid licenses. In addition, the Company is accelerating development of next-generation Akida IP and products to extend our technological lead and market opportunity. We remain positive on future market penetration and broad adoption of BrainChip's technology.

FINANCIAL UPDATE

The Company ended the March 2023 Quarter with US\$17.7M in cash compared to US\$23.1M in the prior quarter. It should be noted that the A\$12.2M cash received from LDA Capital will be reflected in the Appendix 4C for the next quarter.

BrainChip reported net operating cash outflows of US\$6.3M vs. US\$1.9M in the prior quarter.

Cash inflow from customers in the current quarter of US\$0.04M was lower than the prior quarter (US\$1.1M).

Total payments to suppliers and employees of US\$6.2M in the current quarter was higher than the prior quarter (US\$3.8M) due to the payment of 2022 bonuses to employees of US\$0.92M, US\$0.45M to third party engineering services and US\$0.5M for renewal of corporate insurance policies, recruitment services and other corporate costs.

Cash used for operating activities includes payments to BrainChip's Board of Directors totaling US\$685,894 as noted in item 6.1 of the accompanying Appendix 4C, comprising primarily of salaries and bonuses for Executive Directors, but also includes fees for Non-Executive Directors.

Cash inflows from financing activities included US\$0.64M resulting from the exercise of Long-Term Incentive Plan ("LTIP") stock options.

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 2023

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	40	40
1.2 Payments for		
(a) research and development	(2,608)	(2,608)
(b) product manufacturing and operating costs	(351)	(351)
(c) advertising and marketing	(1,011)	(1,011)
(d) leased assets	-	-
(e) staff costs	(1,253)	(1,253)
(f) administration and corporate costs	(981)	(981)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	71	71
1.5 Interest and other costs of finance paid	(27)	(27)
1.6 Income taxes paid	(18)	(18)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(6,138)	(6,138)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(46)	(46)

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	(46)	(46)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	641	641
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(33)	(33)
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	(34)	(34)
- Funds received from shareholders on exercise of options	121	121
3.10 Net cash from / (used in) financing activities	695	695

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	23,165	23,165
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,138)	(6,138)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(46)	(46)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	695	695
4.5	Effect of movement in exchange rates on cash held	36	36
4.6	Cash and cash equivalents at end of period	17,712	17,712

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	17,667	23,124
5.2	Call deposits	45	41
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)	17,712	23,165

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	686
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 <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>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	689	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	689	-
7.5	Unused financing facilities available at quarter end	689	
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.		
	BrainChip SAS has a secured overdraft facility with Credit Agricole, France, to the value of 20,000 Euros which incurs interest at 8.39%. 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%.		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(6,138)
8.2	Cash and cash equivalents at quarter end (item 4.6)	17,712
8.3	Unused finance facilities available at quarter end (item 7.5)	689
8.4	Total available funding (item 8.2 + item 8.3)	18,401
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <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>	3
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? <div style="border: 1px solid black; padding: 5px; margin: 5px 0;">Answer: n/a</div> 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? <div style="border: 1px solid black; padding: 5px; margin: 5px 0;">Answer: n/a</div>	

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.

28 April 2023

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.