



ASX PRESS RELEASE

29 January 2016

COMPANY UPDATE

BrainChip Holdings Limited (“BrainChip” or “The Company”) is pleased to provide shareholders with the following Company Update to accompany the quarterly cashflow report for the period ending 31st of December 2015.

Highlights

- **Milestone 2 achieved**
- **Milestone 3 development is on track**
- **Discussions with a number of Fortune 500 companies ongoing**
- **Marketing to new potential licensees took place in Asia and the US during the quarter**
- **BrainChip is well positioned in the growing and vibrant AI (Artificial Intelligence) market sector**
- **At year-end BrainChip has one granted patent and four patent applications filed.**
- **Two leading experts in low power design have been recruited to the Team**
- **Three US industry specialists join the Scientific Advisory Board**
- **Appointment of MZ Group for Investor Relations and Public Relations in the US**
- **New Company Secretary appointed**

The quarter ending 31 December was the first full quarter of trading since BrainChip was re-admitted to the official list by the ASX following the merger.

Operationally BrainChip was pleased to report the **successful achievement of Milestone 2** being the porting of previously announced software simulation of our disruptive SNAP technology and learning method into a much faster hardware-only solution. Milestone 2 was an important accomplishment which made it possible to integrate a significant part of the BrainChip Neuromorphic Chip IP into a programmable chip. It also demonstrated the processing and autonomous learning speed advantages of the BrainChip hardware over existing methods. It successfully illustrated the scalability of the SNAP technology.



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The important client/server interface product referred to as **Milestone 3** is on track for release in **Q1, 2016**. Achieving this milestone provides an Application Program Interface (API) which enables developers to remotely access the SNAP technology to develop their own solutions using the BrainChip hardware. This important milestone provides the BrainChip technology with remote access which makes it possible for groups of client computers to access the Neuromorphic Chip. This significant milestone enables BrainChip to progress licensing discussions with various Fortune 500 companies who expressed a commercial need to use the technology within a server environment.

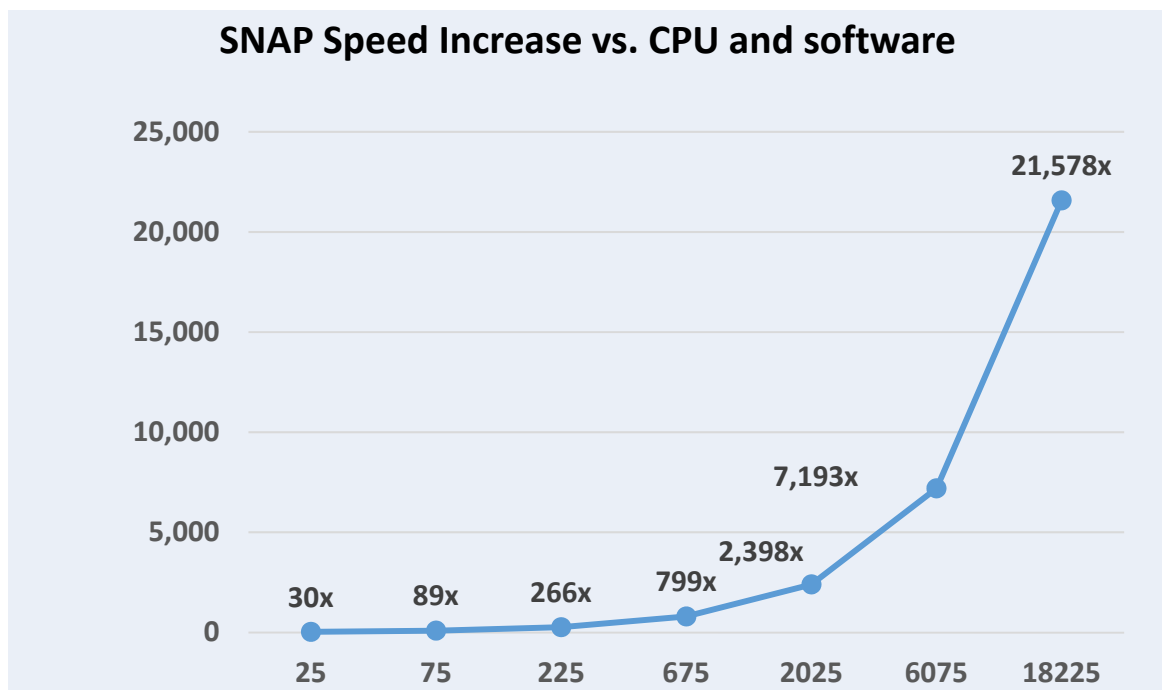


Figure 1 SNAP speed compared to CPU and software. The scaled size has been extrapolated from actual measurements performed on the 25 element network.



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Neural Network Scaled Size	Software time per Update Cycle (seconds)	Hardware time per Update Cycle (seconds)	BrainChip SNAP Speed Increase
25	0.0074	0.00025	30x
75	0.0222	0.00025	89x
225	0.0666	0.00025	266x
675	0.1998	0.00025	799x
2,025	0.5994	0.00025	2,398x
6,075	1.7982	0.00025	7,193x
18,225	5.3946	0.00025	21,578x

Figure 2 The right column shows the speed increase of BrainChip over software.

During the quarter BrainChip developed new business relationships that will lead to various **alliances and access to potential new licensee opportunities**. These new alliances will allow BrainChip to offer multiple integrated development environments around its disruptive Neuromorphic Chip technology. This will facilitate the integration of SNAP into existing and new products. End market applications include smartphones, Internet of Things (IoT), robotics, prosthesis and security to mention a few. Aligning with key partners is a primary focus of BrainChip.

Founder and interim CEO, Peter van der Made said “We are very pleased with the interest in our technology. 2016 is a very important year for BrainChip during which we expect to license our technology to a number of companies. The Company continues to follow up on discussions with Fortune 500 companies who are looking to apply neuromorphic solutions in their products in the future”.

Ongoing marketing efforts were conducted during the quarter in the US and South East Asia including Singapore, Hong Kong and Australia. The object of which was to expand our reach into new markets.



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Two **talented chip design engineers** have been added to the team in Aliso Viejo, California. These additions will accelerate the commercialization of the SNAP Neuromorphic Chip IP.

BrainChip engaged the services of Investor Relations company **MZ Group (MZ)**. MZ has a team of highly experienced professionals. MZ will ensure that BrainChip is provided with the right tools to interact effectively with the investment community and the media in the United States. MZ's market intelligence, advisory and tactical support activities for investor relations and corporate communications programs are underpinned by a comprehensive IT infrastructure.

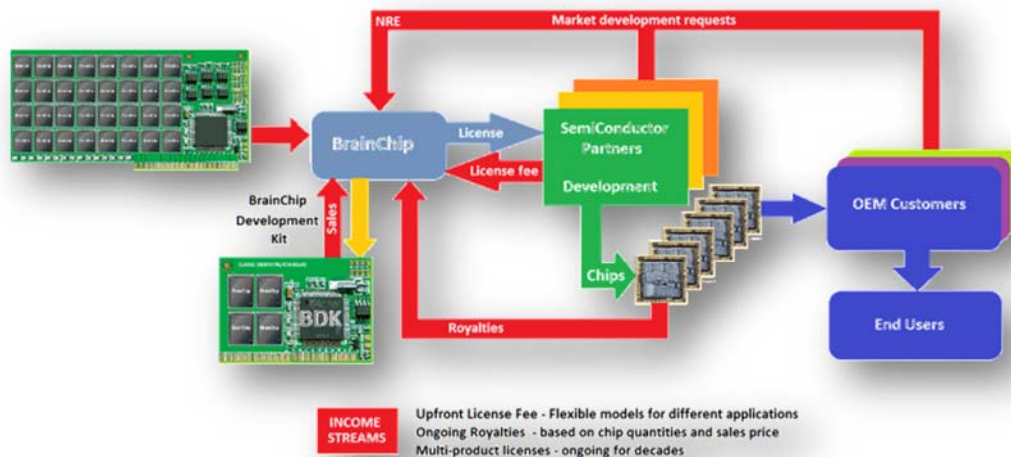
The Company is pleased to advise the appointment of Ms. Nerida Schmidt as **Company Secretary** on 15 December 2015. Ms. Schmidt has 25 years' professional experience as a Chartered Secretary holding positions as the company secretary for a number of ASX and overseas listed companies in a variety of industries.

The first quarter of 2016 will be an exciting period and we are looking forward to providing shareholders with further updates.

About BrainChip

BrainChip is a solutions provider, a developer of a disruptive Spiking Neuron Adaptive Processor (SNAP) that has the ability to learn autonomously in real time. BrainChip offers a complete development solution that includes licensing its IP and its supporting tools to assist corporations to enter into the fast growing Neuromorphic Chip market. The SNAP technology is applicable across a broad range of Artificial Intelligence products. Additional products such as the development kit and the evaluation kit will be added in the future.

The Neuromorphic Chip market as reportedⁱ is forecast to grow to \$4.798 billion USD by 2022 with a Compound Average Growth Rate of over 26.3%. BrainChip is on track to create commercial IP that provides clients with energy efficient Neuromorphic hardware solutions that are orders of magnitude faster than current software solutions, and which are able to be integrated into intelligent portable devices that are restricted in size and power consumption.



Our Business Model

BrainChip will generate revenue from three activities; licensing the technology, engineering fees and royalties. License fees are generated by providing the SNAP technology to semiconductor partners and OEM product manufacturers who want to enter the Neuromorphic Chip market. Engineering fees are charged when the SNAP technology is integrated into a chip. The chip is then incorporated into a digital electronic product which is sold to customers, generating royalties. Royalties are derived from sale of chips with pricing typically based on a percentage of the chip price.

Continued efforts to increase our Intellectual Property portfolio

In parallel with a busy development schedule, BrainChip has continued to strengthen its Intellectual Property (IP) position. During 2015, four patent applications were filed and we anticipate filing a significant number of patent applications during 2016.

A Strong Leadership Team

BrainChip has a strong team of professionals with significant industry experience. Founder, interim CEO and CTO of BrainChip, Peter AJ van der Made, 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.



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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. He leads a team of experienced engineers in Aliso Viejo.

The Non-Executive team 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.

BrainChip Scientific Advisory Board

A Scientific Advisory Board was formed and joined by three prominent professors from highly respected Californian universities UCSD and UCI. These gentlemen are at the forefront of Neuro-Biology, Neuromorphic Engineering and Robotics, three disciplines that are associated with the technology of BrainChip. The Scientific Advisor Board is a valuable asset to the Company as a sounding board for technical directions and assessment, a target group for testing, challenging new ideas and verification of technology performance.

For further enquiries:

EL Bolto

Chairman

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ⁱ <http://www.marketsandmarkets.com/PressReleases/neuromorphic-chip.asp>

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