

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

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- Cash Balance as of 31 December 2024 US\$20M
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Sydney – 28 January 2025 – [BrainChip Holdings Ltd](#) (ASX: **BRN**, OTCQX: **BRCHF, BCHPY**), the world's first commercial producer of neuromorphic artificial intelligence technology, today provides the Quarterly Activities Report in conjunction with its Appendix 4C lodged for the quarter ending 31 December 2024.

OPERATIONS UPDATE

The December Quarter was a period in which the Company demonstrated its ability to commercialise its technology and leverage its extensive commercial ecosystem partnerships into commercial transactions that have the potential to generate substantial growth in the future.

On 10 December, the Company announced it had been awarded a US\$1.8M contract from the U.S. Air Force Research Laboratory (AFRL) under the U.S. Federal Government's SBIR program (Small Business Innovation Research) to facilitate neuromorphic radar signaling processing. The project will focus on a specific type of radar processing known as micro-Doppler signature analysis.

BrainChip is currently in negotiations with a major defence industry contractor, to enter into a sub-contractor agreement for the completion of the contract award.

On 16 December, BrainChip announced that Frontgrade Gaisler (Frontgrade) has licenced Akida 1.0 neuromorphic AI IP for incorporation into its space-grade, fault -tolerant system-on-chip solutions for hardware AI acceleration across multiple product generations. The commercial licence paves the way for BrainChip Akida 1.0 technology to be deployed in space by the European Space Agency (ESA).

The licence agreement comes after a successful engagement between Frontgrade, ESA and BrainChip to evaluate silicon-on-insulator (SOI) samples and measuring execution performance and power for potential integration into Frontgrade's next generation of fault-tolerant, radiation-hardened microprocessor product roadmap.

In late December, BrainChip signed a US\$100,000 contract with U.S. defence contractor Bascom Hunter, for the sale and support of AKD1500 chips for full scale evaluation of commercial products, which will provide significant improvements over traditional CPU, GPU, and TPU processors and

are considered optimal for low Size, Weight, and Power (SWaP) Machine Learning (ML) applications.

Bascom Hunter works collaboratively with 3rd party technology vendors, such as BrainChip to integrate their technology for Defense and Intelligence applications.

On October 1st, BrainChip introduced Akida™ Pico, the lowest-power acceleration co-processor that enables the creation of very compact, ultra-low power, portable and intelligent devices for wearable and sensor integrated AI into consumer, healthcare, IoT, defense and wake-up applications.

Akida Pico accelerates limited use case-specific neural network models to create an ultra-energy efficient, purely digital architecture. Akida Pico enables secure personalization for applications including voice wake detection, keyword spotting, speech noise reduction, audio enhancement, presence detection, personal voice assistant, automatic doorbell, wearable AI, appliance voice interfaces and more.

This latest product innovation from BrainChip is built on the Akida 2.0 event-based computing platform, which can execute with power suitable for battery-powered operation of less than a single milliwatt. Akida Pico provides a power-efficient footprint for waking up microcontrollers or larger system processors, with a neural network to filter out false alarms to preserve power consumption until an event is detected. It is ideally suited for sensor hubs or systems that need to be monitored continuously using only battery power with occasional need for additional processing from a host.

CEO Comments

“The December quarter saw several strategically important commercial agreements achieved. These agreements, while relatively modest in their immediate financial impact, are nonetheless significant as they demonstrate a pathway for revenue generation from royalty-bearing IP sales agreements and from further, deeper commercial partnerships with multi-national defence and aerospace industry contractors.

These first-tier industry partners, such as Frontgrade Gaisler, U.S Airforce Research Laboratories and Bascom Hunter, together with our existing EAP customers and commercial ecosystem partners, provide important third-party validation for our technology and demonstrate the broad range of potential commercial applications for our products.

Additionally, the launch of Akida Pico further demonstrates the versatility of our Akida technology platform, by providing a product that is ideally suited to ultra-low power energy-constrained battery powered devices, such as wearables.

We finished 2024 strongly and enter 2025 with a great deal of confidence and momentum. Our focus for the year ahead is on execution and delivering commercial success.”

FINANCIAL UPDATE

The Company ended the December Quarter with US\$20M in cash compared to US\$25.6M in the prior quarter.

BrainChip reported net operating cash outflows of US\$4.1M vs. US\$3.4M in the prior quarter.

Cash inflow from customers in the current quarter of US\$.05M was on par with the prior quarter (US\$.05M).

Total payments to suppliers and employees of US\$4.3M in the current quarter was also on par with the prior quarter (US\$4.0M). Selling and marketing costs of \$1.1M, included in this amount, support the ongoing commercialisation efforts to bring Akida 2.0 products to market.

Cash inflows from financing activities included \$.5M resulting from the exercise of BrainChip Equity Plan stock options.

The Company has held AUD funds after the capital raises in Q3 and has reported a US\$1.9M unrealised loss in the current quarter (US\$0.9M gain in Q3).

Cash used for operating activities includes payments to BrainChip's Board of Directors totaling US\$211,326 as noted in item 6.1 of the accompanying Appendix 4C, comprising fees for Non-Executive Directors and salaries and bonuses for Executive Directors.

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.brainchip.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 December 2024

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	50	233
1.2 Payments for		
(a) research and development	(1,667)	(6,980)
(b) product manufacturing and operating costs	(111)	(185)
(c) advertising and marketing	(1,110)	(4,632)
(d) leased assets	-	-
(e) staff costs	(698)	(3,073)
(f) administration and corporate costs	(707)	(2,418)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	222	635
1.5 Interest and other costs of finance paid	(17)	(78)
1.6 Income taxes paid	(30)	(1)
1.7 Government grants and tax incentives	7	695
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,061)	(15,804)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(18)	(73)

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 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	(18)	(73)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	22,636
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	584	1,435
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(1,033)
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	(110)	(442)
- Funds received from shareholders on exercise of options	(64)	(81)
3.10 Net cash from / (used in) financing activities	410	22,515

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 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	25,561	14,343
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,061)	(15,804)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18)	(73)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	410	22,515
4.5	Effect of movement in exchange rates on cash held	(1,892)	(981)
4.6	Cash and cash equivalents at end of period	20,000	20,000

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	19,987	25,547
5.2	Call deposits	13	14
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)	20,000	25,561

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	211
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	686	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	686	-
7.5	Unused financing facilities available at quarter end		686
7.6	<p>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> <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)	(4,061)
8.2	Cash and cash equivalents at quarter end (item 4.6)	20,000
8.3	Unused finance facilities available at quarter end (item 7.5)	686
8.4	Total available funding (item 8.2 + item 8.3)	20,686
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.1
	<p><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></p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer: n/a</p> <p>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?</p> <p>Answer: n/a</p>	

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 January 2025

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.