



## ASX Announcement

### Additional information on MegaChips agreement

**Laguna Hills, Calif. – 25 November, 2021** – [BrainChip Holdings Ltd](#) (ASX: BRN), (OTCQX: BCHPY) As announced on Monday, Brainchip has entered into a Licensing Program Agreement with [MegaChips](#), a pioneer in the Application Specific Integrated Circuit (ASIC) industry.

The agreement has an initial term of four years under which Brainchip grants MegaChips a non-exclusive, worldwide intellectual property license for use in designing and manufacturing BrainChip's Akida technology into external customers' system on chip designs. MegaChips will pay a license fee for the grant of the license, which will be paid in tranches over the next two years, with the first payment received on signing the agreement.

Brainchip also agrees to provide proof of concept engineering services, Akida sales and development support and software support to MegaChips' customers under the agreement and has agreed to enter into a Distribution Agreement with MegaChips for the distribution of certain Akida products in Japan.

In addition to the upfront license fee, Brainchip has the ability to generate additional revenue under the agreement (which is not yet quantifiable) from:

- royalties on the sale of products to MegaChips' customers (following the design and manufacture of the Akida technology into the customer's products) calculated as a percentage of the net sales price of such products (with the percentage dependent on the volume of products sold);
- license fees for application specific product developments;
- project fees for proof of concept development projects with MegaChip's customers for specific custom networks; and
- fees for support services and licensing of software associated with the Akida IP.

The remaining terms of the agreement are subject to strict confidentiality provisions as between Brainchip and MegaChips.

Brainchip anticipates that it will recognize aggregate revenue of approximately US\$2 million under the agreement over the current financial year and the financial year ending 31 December 2022 and expects to recognize additional revenue from the license fee and additional revenue opportunities noted above in subsequent financial years.



Brainchip considers that this agreement is highly significant to its growth strategy as it not only provides a licensing fee for its Akida technology but also provides broader opportunities to generate revenue from MegaChip's substantial global customer base which it would be unlikely to be able to access directly.

**This announcement has been authorized by the Board of Directors.**

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### **About MegaChips Corporation**

MegaChips Corporation (1<sup>st</sup> section of the TSE (Tokyo Stock Exchange): 6875) was established in 1990 as the first innovative fabless semiconductor company in Japan. MegaChips exploits expertise in analog and digital technology and globally provides SoCs and solutions that are crucial for advancing technology innovation. MegaChips focuses in the growth areas of automotive and industrial equipment, such as 5G communications infrastructure and Factory Automation.

[www.megachips.com](http://www.megachips.com)

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### **About BrainChip Holdings Ltd (ASX: BRN, OTCQX: BCHPY)**

BrainChip is a global technology company that is producing a groundbreaking neuromorphic processor that brings artificial intelligence to the edge in a way that is beyond the capabilities of other products. The chip is high performance, small, ultra-low power and enables a wide array of edge capabilities that include on-chip training, learning and inference. The event-based neural network processor is inspired by the spiking nature of the human brain and is implemented in an industry standard digital process. By mimicking brain processing BrainChip has pioneered a processing architecture, called Akida™, which is both scalable and flexible to address the requirements in edge devices. At the edge, sensor inputs are analyzed at the point of acquisition rather than through transmission via the cloud to a data center. Akida is designed to provide a complete ultra-low power and fast AI Edge Network for vision, audio, olfactory and smart transducer applications. The reduction in system latency provides faster response and a more power efficient system that can reduce the large carbon footprint of data centers.

Additional information is available at <https://www.brainchipinc.com>

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