

brainchip

25 July 2024

Dear Shareholder

Share purchase plan

On behalf of the board of BrainChip Holdings Ltd ACN 151 159 812 (ASX: BRN) (**BRN** or **Company**), we are pleased to offer you the opportunity to purchase up to A\$30,000 in additional shares in BRN under this share purchase plan (**SPP**).

The SPP forms part of a broader capital raising announced by the Company on 25 July 2024, comprised of a placement to raise A\$22 million (**Placement**) and this follow on SPP.

The SPP will be available to shareholders who are on the Company register at 7.00pm (Sydney time) on 24 July 2024 (**Record Date**) and having a registered address in Australia or New Zealand (**Eligible Shareholders**).

The SPP gives Eligible Shareholders the opportunity to purchase additional shares in BRN at A\$0.193 per share (**Issue Price**), which represents a discount of:

- (a) 3.5% discount to the last close of A\$0.20 per share on Monday, 22 July 2024; and
- (b) 4.0% discount to the 10-day VWAP of A\$0.201 per share up to and including Monday, 22 July 2024.

The Issue Price is the same as the price of Shares issued under the Placement.

The SPP is targeting to raise up to A\$3 million, however the Company reserves the right to raise more or less than this amount in its absolute discretion. The Board also reserves the right to close the SPP early or extend the SPP at its absolute discretion.

There are no transaction costs or brokerage costs to participating shareholders.

Included with this letter is the following material which aims to address any questions you may have about the SPP:

- (a) an investment overview, which includes details on pricing, the timetable, intended use of funds and key risks of an investment in the Company;
- (b) an investor presentation;
- (c) SPP terms; and
- (d) an application form.

Information about BRN is available at www.brainchip.com, which should be considered in conjunction with the Company's continuous disclosure to ASX.

The SPP will close on Thursday, 15 August 2024 at 5.00pm (Sydney time) (**Closing Date**). If you wish to participate in the SPP your application must be received by the closing date. BRN reserves its right to close the SPP early.

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If you have any questions about the SPP, please contact the Share Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday.

The board encourages you to consider this opportunity and thanks you for your continued support.

Yours faithfully



Antonio Jose Florindo Viana

Chair

BrainChip Holdings Ltd

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Investment overview

Offer details

Issue Price	A\$0.193 per share
Application Amount	Minimum of A\$1,000 (Minimum Application Amount) with staged increments of A\$1,000 up to a maximum of A\$30,000
Record Date	7.00pm (Sydney time) on 24 July 2024
Closing Date	5.00pm (Sydney time) on 15 August 2024
Allotment Date	22 August 2024
Quotation Date	23 August 2024

BRN may change any of the above key dates at its discretion (even if the offer has opened or applications have been received).

Intended use of funds

The proceeds raised from this SPP (and the broader Placement) will be used primarily to support the ongoing commercialisation of Akida 2.0 technology and the development, commercialisation and production of the new TENNs product, which represents the next expansion in the Company's product portfolio and builds on its existing leadership position in the field of neuromorphic technology.

Other uses of the funds raised includes:

- (a) accelerate development of TENNs technology and derivative products & models for sales opportunities and product portfolio expansion;
- (b) development of an Akida 2.0 derivative to support LLM (Large Language Models) on edge devices;
- (c) development of a cloud-based FPGA system to run Akida 2.0 for customer evaluation purposes;
- (d) ongoing investment in research and development to analyze new and emerging technology opportunities for novel edge AI applications and product roadmap expansion;
- (e) payment of \$371,487 to LDA Capital to fulfill current obligations under the Put Option Agreement; and
- (f) additional working capital.

Risks

Before making an investment decision, you should read the SPP terms set out below. BRN considers that the major risks of an investment in BRN include:

(a) Risk of delays in product development and introduction

There is a risk that delays in BRN's product development of advanced products including delays arising from internal development, development by partners and integration of the technology by third party providers of intellectual property may materially impact the financial performance of

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the business. There is also a risk of delays in new product introduction as the Company commercialises its advanced products.

(b) **Risk of delays in sales and marketing**

There is a risk that delays in sales and marketing of BRN's products may arise from the inability to recruit and retain highly skilled and experienced sales and marketing human resources.

(c) **Risk of delays in customer adoption**

There is a risk that delays in customer adoption of BRN's products may arise due to inadequate training, education, application engineering and customer support.

(d) **Funding**

A loss of, inability to raise further funding, or adverse impact on or in relation to, one or more of BRN's funding sources could limit BRN's ability to fund the continued development and commercialisation of the Akida™ Chip. This could have an adverse effect on BRN's ability to successfully execute its core business strategy.

(e) **Protection of ownership of technology and intellectual property**

BRN relies on laws relating to trade secrets, copyright and trademarks to assist in protecting its proprietary rights. However, there is a risk that unauthorised use or copying of BRN's software, data or specialised technology will occur. In addition, there is a risk that the validity, ownership or authorised use of intellectual property relevant to BRN's business may be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property in question.

(f) **Breach of information technology and trade secrets**

There is a risk that the intellectual property held as trade secrets could be compromised by outside parties, or by an employee of BRN or that an information technology breach may result in litigation, and potential liability.

(g) **Reputational damage**

Issues of a varying nature may arise that would give rise to reputational risk and cause harm to BRN's business dealings and prospects. Failure to address these potential issues appropriately could give rise to additional legal risk, subject entities within the Group to regulatory actions, fines and penalties, or harm the reputation of BRN or the Group among its shareholders, customers and investors. Further, any resulting loss of confidence may cause damage to BRN's reputation and brand. This may adversely impact the future growth and profitability of BRN.

(h) **Customer and supply contracts**

There is a risk that the loss or discontinuation of certain customer or supply contracts would have a material impact on the Company's cash flow and ability to execute its core business objectives.

(i) **BRN's technology may be superseded by other technology or changes in business practice**

BRN's success will in part depend on its ability to offer solutions that remain current with the continuing changes in technology, evolving industry standards and changing consumer preferences. There is a risk that BRN will not be successful in addressing these developments in a timely manner, or that expenses will be greater than expected. In addition, there is a risk that

new products or technologies (or alternative systems) developed by third parties will supersede BRN's technology.

(j) **General economic and financial market conditions**

General economic conditions (both domestic and international), long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities, changes in domestic or international fiscal, monetary, regulatory and other government policies, changes in investor sentiment and perceptions, geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities may have a significant impact on the performance of the Company.

(k) **Market risk**

Market risk is the risk of an adverse event in the financial markets that may result in a negative impact on the performance of the Company.

(l) **Litigation, claims and disputes**

Issues of a varying nature may arise that would give rise to reputational risk and cause harm to BRN's business dealings and prospects. Failure to address these potential issues appropriately could give rise to additional legal risk, subject entities within the Group to regulatory actions, fines and penalties, or harm the reputation of BRN or the Group among its shareholders, customers and investors.

(m) **Risk of shareholder dilution**

In the future, BRN may elect to issue new Shares in connection with future fundraising. While BRN will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a rolling 12-month period (other than where certain exceptions apply), there is a risk that the future issue of additional equity could result in dilution for Shareholders.

(n) **Liquidity**

The Group's Shares are only listed on the ASX and will not be listed for trading on any other securities exchanges. There can be no guarantee that an active market in the Shares will develop or continue. If an active market for the Shares does not develop or is not sustained, it may be difficult for investors to sell their Shares at the time or for the price they seek. Further, the market price for Shares may fall or be made more volatile because of the relatively low volume of trading in the Company's securities. When trading volume is low, significant price movements can be caused by the trading in a relatively small number of shares. Sales of a substantial number of Shares following the Offer, either by the principals (once escrow ends) or by new Shareholders, or the perception or expectation that such sales may occur, could cause the market price of the Shares to decline. The Company may also offer additional Shares in subsequent offerings, which may adversely affect the market price for the Shares.

(o) **Employee recruitment risk and retention**

There is a risk that BRN may not be able to attract and retain key staff or be able to find effective replacements in a timely manner. The loss of staff, or any delay in staff replacement, could impact BRN's ability to operate its business, and adequately manage risk and compliance issues.

(p) **Taxation**

Future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities, may affect taxation treatment of an investment in BRN shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which BRN operates, may impact the future tax liabilities and performance of BRN. Any changes to the current rates of income tax apply to individuals and trusts will similarly impact on shareholder returns.

(q) **Unforeseen risk**

There may be other risks of which the Directors are unaware at the time of this document which may impact BRN, its operations and/or the valuation and performance of Shares.

Past performance is not necessarily a guide to future performance of the Company.

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Share purchase plan terms

Offer

BrainChip Holdings Ltd ACN 151 159 812 (**Company**) is offering Eligible Shareholders the opportunity to purchase up to A\$30,000 of fully paid ordinary shares in the capital of the Company (**Shares**) by way of a share purchase plan (**SPP**), without incurring brokerage.

The price per Share under the SPP (**Issue Price**) being offered is A\$0.193.

The SPP is being conducted under *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (ASIC Instrument)*.

How do I accept

To participate, you should pay the Application Amount via BPAY, so that payment is received by **5.00pm (Sydney time) on 15 August 2024**.

BPAY instructions are set out on the application form. If you use BPAY, you do not need to return your application form. Please make sure you use the specific biller code and unique reference number on your personalised application form. Your financial institution may implement earlier cut-off times for electronic payment. You should take this into consideration when making payment.

The Company may choose to accept applications outside the prescribed parcel sizes at their absolute discretion.

Importantly, while participation in the plan is optional, once applications are submitted, they cannot be withdrawn.

The Company’s market price may vary at any time during the offer period and the Company’s shares may trade at a price that is lower than the Issue Price.

By accepting the SPP offer, you accept the risk that the market price of the Company’s shares may fall below the Issue Price between the date of this offer

and the Allotment Date, in which case you may have been able to buy the Shares at a lower price than the Issue Price.

By making an application, you represent to the Company the matters set out under the heading ‘Your representations’ in these terms and in the application form.

How many shares

Eligible Shareholders receive the number of shares equal to the Application Amount (subject to any scale-back) divided by the Issue Price. Fractions will be rounded down, and the difference (being any amount less than the Issue Price) may be retained by the Company.

The Issue Price does not exceed the limit prescribed by the ASX Listing Rules and the ASIC Instrument.

Shares issued under the SPP may be sold or transferred on ASX at any time after the Quotation Date.

Eligibility to participate

Participation in the SPP is optional. The offer is open to all shareholders with a registered address in Australia or New Zealand as at the Record Date.

The Company has determined that it is impractical for the SPP to be offered to a shareholder whose address on the register of members is a country outside of Australia or New Zealand.

Participation in the SPP by acceptance of the offer:

- (a) is optional for Eligible Shareholders; and
- (b) is subject to these Terms and Conditions.

Multiple holdings

If you are the only registered holder of Company shares, but you receive more than one offer under the SPP (for example, due to

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multiple registered holdings), you may only apply in total for a maximum of A\$30,000 worth of shares.

Joint holders

If you are a joint holder of Company shares, that holding is considered to be a single registered holding for the purpose of the SPP. You are entitled to participate in the SPP for that single holding only. If you are a joint holder and you receive more than one offer under the SPP, you may only apply in total for a maximum of A\$30,000 worth of shares.

Trustee or nominee

If you are noted on the Company's share register as a trustee or nominee for a named beneficiary, you may only apply for one maximum parcel of shares for each named beneficiary. If the Company's share registry does not record a named beneficiary for your trustee or nominee holding, the rules for multiple single holdings apply.

Custodians

If you are a custodian within the definition of 'custodian' in the ASIC (as varied) and hold Company shares for one or more persons (each a **Participating Beneficiary**), or for another custodian of Company shares, you may apply for up to a maximum of A\$30,000 worth of shares for each Participating Beneficiary, subject to providing the Company a 'custodian certificate' in addition to the application form, which certifies matters required by the ASIC (as varied).

Please contact the share registry to obtain the form of the custodian certificate.

Directors

Directors of the Company who are Eligible Shareholders may participate in the SPP.

Scale-back

The Company may, in its absolute discretion, scale-back applications under the SPP.

Factors that the Company may take into account in determining any scale-back include:

- (a) compliance with regulatory requirements;

- (b) the amount applied for by each shareholder;
- (c) the number of shares held at the Record Date; and
- (d) if the shareholder remains on the register at the Closing Date.

The Company may scale-back applications below the Minimum Application Amount. Scale-back decisions are made by the board and are final.

If a scale-back occurs, the difference between the value of the shares allotted and the Application Amount paid to the Company (only where the amount is greater than the Issue Price) will be refunded by cheque and mailed to you as soon as practicable following the Allotment Date. Any scale-back will be announced on the Allotment Date. No interest will be paid on any Application Amount paid or refunded.

ASX quotation

After shares are issued and allotted under the SPP, the Company will apply to ASX for quotation of the shares on the Official List and send an allotment notice to each Eligible Shareholder's registered address.

No costs

Eligible Shareholders may subscribe without incurring brokerage costs, commission or other transaction costs.

The Company's rights

The Company may reject any application for shares under the SPP if:

- (a) it considers that the application does not comply with these terms;
- (b) you are not an Eligible Shareholder;
- (c) the application form has not been properly completed; or
- (d) there are grounds for believing that the applicant is not acting in good faith.

The Company may modify, suspend or cancel the SPP at any time. If the Company does this it will notify ASX. If the SPP is cancelled the Application Amount will be refunded without

interest. Neither the Company nor the board accepts or assumes any liability to shareholders because of the variation, suspension or termination of SPP.

The Company may settle, at its discretion in any manner it deems fit, any anomalies or disputes in connection with the SPP and that decision is conclusive and binding on all applicants. The Company reserves the right to waive strict compliance with these terms.

Your representations

By completing and returning the application form or by making a BPAY payment, you:

- (a) certify to the Company that you are an Eligible Shareholder;
- (b) authorise the Company (and its officers and agents) to correct any error in, or omission from, your application form;
- (c) accept the risks of the delivery of any refund to you;
- (d) acknowledge that the Company may at its discretion determine that your application form is valid, even if the application form is invalid;
- (e) irrevocably and unconditionally agree to these terms; and
- (f) acknowledge that the Company is not liable for any exercise of its discretions referred to in these terms.

Other information

The Offer is non renounceable, which means that you cannot transfer your right to purchase shares under the SPP to anyone else. Shares issued under the SPP will rank equally in all respects with existing fully paid shares.

This document is not an offer of securities in any place outside Australia or New Zealand and does not take into account your individual investment objectives, financial situation or particular needs. An investment in the Company is speculative. Therefore, you should obtain

independent financial and taxation advice before making an investment decision.

General

The Company may determine, in any manner it thinks fit, any disputes or anomalies which arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any Eligible Shareholder or application for Shares. The decision of the Company will be conclusive and binding on all persons to whom the determination relates.

The Company reserves the right to waive compliance with any provision of these Terms and Conditions, to amend or vary these Terms and Conditions and to suspend or terminate the SPP at any time.

Any amendment, variation, suspension or termination will be binding on all Eligible Shareholders even where Eligible Shareholders are not notified of that event.

If an application form is incomplete, contains errors or is otherwise invalid or defective, the Company may, in its sole discretion, accept, reject, correct or amend the application, issue such number of Shares to the applicant shareholder as it considers appropriate, refund the application money, or take any combination of these actions. Any refund will be paid to the applicant shareholder shortly after the close of the SPP. The Company's rights and discretions under the SPP may be exercised by the Company's directors or any delegate of the Company's directors. To the extent permitted by any applicable law, the Company is not liable for any exercise of its discretions under the SPP.

None of the Company nor its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers guarantees the performance of the Company.

Questions

Any questions in respect of the SPP should be directed to the Share Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday.

Record Date: **Wednesday, 24 July 2024**
(7.00pm Sydney time)

Expected Closing Date: Thursday, 15 August 2024
(5.00pm Sydney time)

SPP Price: \$0.193

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This is an important document which requires your immediate attention. It can only be used in relation to the shareholding represented by the details above. If you are in doubt as to how to deal with this document, please contact your financial or other professional adviser. Capitalised words used and not defined in this Application Form have the meaning given in the Share Purchase Plan Booklet dated 25 July 2024 (Booklet) accompanying this Application Form.

A Offer Details

Eligible Shareholders are entitled to apply to purchase a parcel of fully paid ordinary shares in BrainChip Holdings Ltd (ASX: **BRN**) (**New Shares**) with a minimum application amount of \$1,000.00 and any additional New Shares in increments of \$1,000.00, with a maximum application amount of \$30,000.00.

Before applying for SPP Shares you should read the Booklet accompanying this Application Form and the 'Applicant's Certification and Acknowledgments' on the back of this Application Form carefully.

This SPP is non-renounceable meaning that you cannot transfer your right to purchase SPP Shares to another person. Applications can only be accepted in the name printed on the Application Form.

If you are a custodian, trustee or nominee within the definition of "custodian" (as defined in paragraph 4 of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547) (**Custodian**), you must complete and return this Application Form together with the Custodian Certificate referred to in Section F of this Application Form.

If you do not wish to subscribe for SPP Shares under the SPP, there is no need to take any action.

B Offer Choice

Indicate the parcel size of SPP Shares you wish to apply for by marking one box only below:

Indicate the parcel of New Shares you wish to apply for by marking one box only below:

Choice 1

Apply to purchase the minimum application amount of \$1,000.00

OR

Choice 2

If you wish to select choice 2 please specify the dollar amount (up to a maximum of \$30,000.00) applied for below in increments of \$1,000.00

Amount applied for for \$ _____

C Payment Options

Payment may only be made by BPAY® and in Australian dollars. Cash will not be accepted. Custodians can make payment by BPAY®

Payment Option 1 - BPAY



Billers Code:

Customer Reference Number (CRN)

Telephone and Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

- To pay via BPAY® please contact your participating financial institution. If paying by BPAY® you will be deemed to have completed an Application Form for the value of SPP Shares the subject of your payment. You do not need to return this Application Form.
- Your payment must be received by the Registry by 5.00pm (Sydney time) on Thursday, 15 August 2024, or such later date as determined by BrainChip Holdings Ltd in its sole discretion.
- Please ensure you pay the correct amount for the parcel size you wish to apply for. The number of SPP Shares issued to you will be rounded down to the nearest whole number after dividing the application monies by the SPP Offer Price.
- You should be aware that your financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY®. It is your responsibility to check that the amount to wish to pay via BPAY® does not exceed your limit.

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D Contact Details

Please provide a telephone number and contact name in case we need to contact you regarding your application.

Home telephone No.	Work telephone No.	Contact name

E Applicant's Certification and Acknowledgements

By making a BPAY® payment, you:

- represent and warrant that you have read and understood the Booklet of the SPP and this Application Form in their entirety and that you acknowledge the matters, and make the representations, warranties and certifications in the Booklet and Application Form, including as to your eligibility to participate in the SPP;
- represent and warrant that by making payment, you agree to be bound by the constitution of BrainChip Holdings Ltd and that the submission of the payment constitutes an irrevocable offer by you to subscribe for SPP Shares on the terms of the SPP and you will be deemed to have accepted and be bound by the terms and conditions of the SPP;
- represent and warrant that the aggregate of the application amount paid by you or on your behalf for:
 - the SPP Shares the subject of the application;
 - any other Shares applied for by you under the SPP or any similar arrangement in the 12 months before the application;
 - any other SPP Shares which you have instructed a Custodian to acquire on your behalf under the SPP; or
 - any other Shares issued to a Custodian in the 12 months before the application as a result of an instruction given by you to a Custodian to apply for Shares on your behalf under an arrangement similar to the SPP,does not exceed \$30,000;
- acknowledge that this Application Form does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. This Application Form may not be distributed or released in the United States. None of the SPP Shares offered under this SPP have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the SPP Shares to be offered and sold in this SPP may only be offered and sold to investors that are not in the United States and are not acting for the account or benefit of a person in the United States in "offshore transactions" (as defined in Regulation S under the Securities Act) in reliance on Regulation S under the Securities Act;
- represent that you are not in the United States and you are not acting for the account or benefit of a person in the United States, and you are not otherwise a person to whom it would be illegal to make an offer of or issue of SPP Shares under this SPP and under any applicable laws and regulations; and
- acknowledge that you may receive a lesser number of SPP Shares than the number of SPP Shares you apply for as BrainChip Holdings Ltd may scale back applications in its discretion, having regard to factors including the pro rata shareholding of Eligible Shareholders (as at the Record Date) who apply for SPP Shares.
- **NO SIGNATURE IS REQUIRED ON THIS FORM** **THIS OFFER IS NON-RENOUNCEABLE**

If you require information on how to complete this Application Form, please contact the Registry from 8.15am to 5.30pm (Sydney time) Monday to Friday on 1300 737 760 (callers within Australia) or +61 2 9290 9600 (callers outside Australia) or consult your financial or other professional adviser. For all other questions, please contact your stockbroker, accountant or other professional adviser.

F Information for Custodians

If you are a Custodian you must complete this Application Form and a Custodian Certificate and submit by email to corporateactions@boardroomlimited.com.au before your application will be considered. Custodians can make payment by BPAY®. Please contact the Registry on 1300 737 760 (callers within Australia) and +61 2 9290 9600 (callers outside Australia) to obtain a copy of the Custodian Certificate. Applications received from Custodians that are not accompanied by the Custodian Certificate will be rejected. Please refer to the Booklet for further information in relation to applications by Custodians.