

## APPENDIX 4D HALF-YEAR FINANCIAL REPORT

### Information given to ASX under listing rule 4.2A

#### Reporting period and Functional Currency

Current reporting period – six months ended: 30 June 2024  
 Previous corresponding period – six months ended: 30 June 2023

Functional Currency: US dollars

#### Results for announcement to the market

	<b>30 June 2024 US\$</b>	<b>30 June 2023 US\$</b>	<b>% change</b>
Revenues from continuing operations	106,693	115,606	Down 8%
Operating loss	(11,622,308)	(16,804,470)	Down 31%
Loss for the period attributable to members	(11,517,767)	(17,146,781)	Down 33%
	<b>US cents per share</b>	<b>US cents per share</b>	
<b>Loss per share</b>			
Basic loss per share	(0.60)	(0.93)	
Diluted loss per share	(0.60)	(0.93)	
	<b>30 June 2024 US cents per share</b>	<b>30 June 2023 US cents per share</b>	
<b>Net tangible assets</b>			
Net tangible assets per share	0.72	1.18	

#### Dividends or dividend reinvestment plan

No dividends were paid or declared during the half-year ended 30 June 2024 (2023: Nil). The Company does not operate a dividend reinvestment plan.

#### Additional Information

Additional Appendix 4D disclosure requirements can be found in the attached Financial Report for the Half-Year ended 30 June 2024.

This report is based on the half-year condensed consolidated financial statements and notes which have been reviewed by HLB Mann Judd. This report should be read in conjunction with the most recent annual financial report.

# **BrainChip Holdings Ltd**

ABN: 64 151 159 812

***Financial Report***  
***For the Half-Year ended***  
***30 June 2024***

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## Corporate Directory

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### Board of Directors

<b>Antonio J. Viana</b>	Non-Executive Director and Chair
<b>Sean Hehir</b>	Executive Director, Chief Executive Officer
<b>Peter van der Made</b>	Non-Executive Director
<b>Geoffrey Carrick</b>	Non-Executive Director
<b>Pia Turcinov</b>	Non-Executive Director
<b>Duy-Loan Le</b>	Non-Executive Director

### Company Secretary

**Kim Larkin**

### Registered Office

Level 8, 210 George Street Sydney NSW 2000 Australia

Telephone: +61 2 9290 9606

Facsimile: +61 2 9279 0664

### Postal Address

GPO Box 3993, Sydney NSW 2001 Australia

### Website

<http://www.brainchip.com>

### Auditors

**HLB Mann Judd**

Level 4, 130 Stirling Street, Perth WA 6000

Telephone: +61 8 9227 7500

### Share Registry

**Boardroom Pty Limited**

Level 8, 210 George Street Sydney NSW 2000

Telephone: +61 2 9290 9600

Facsimile: +61 2 9290 9664

Online: [www.clientonline.com.au](http://www.clientonline.com.au)

### Securities Exchange

**Australian Securities Exchange Limited**

Exchange Centre, 20 Bridge St, Sydney NSW 2000

Code: BRN

**OTCQX Best Market – OTC Markets Groups**

Codes: BRCHF, BCHPY

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## Directors' Report

The Directors submit their report of the consolidated entity, being BrainChip Holdings Ltd ("BrainChip" or "Company") and its controlled entities ("Group"), for the half-year ended 30 June 2024.

### DIRECTORS

The names and details of the Company's Directors in office during the financial period and until the date of this report are as follows:

Antonio J. Viana	Non-Executive Director and Chair
Sean Hehir	Executive Director, Chief Executive Officer
Peter van der Made	Non-Executive Director
Geoffrey Carrick	Non-Executive Director
Pia Turcinov	Non-Executive Director
Duy-Loan Le	Non-Executive Director

All directors were in office for the entire financial period.

### PRINCIPAL ACTIVITIES

The principal activity of the Group is the development of software and hardware accelerated solutions for advanced artificial intelligence ("AI") and machine learning applications with a primary focus on the development of its Akida Neuromorphic Processor to provide a complete ultra-low power and performance leading Edge AI solution.

### DIVIDENDS

No dividends have been paid or declared by the Company during the half-year or up to the date of this report.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 29 December 2023, BrainChip and LDA Capital Limited and LDA Capital LLC ("LDA Capital") executed a Third Amendment to the Put Option Agreement ("POA") (refer to ASX announcements dated 13 August 2020 and 26 October 2020), extending the agreement for a one-year period. The amendment also provided an option to extend the POA for two additional years under the same terms upon mutual consent. Under the terms of the renewal, the Company was required to fulfil its obligations under the Second Amendment to draw down the remaining A\$2.7M in addition to an amount no less than A\$12M by 31 December 2024.

On 4 December 2023, BrainChip had submitted a capital call notice in accordance with the POA to subscribe for up to 25 million shares. The capital call notice was closed and cash funds of US\$2,535,623 (A\$3,850,488) were received on 23 January 2024.

On 27 March 2024, BrainChip submitted a capital call notice to LDA Capital in accordance with the Third Amendment to the POA to subscribe for 40 million shares. The formula used to determine LDA Capital's purchase price remains set at 91.5% of the average of the daily Volume Weighted Average Price for each day shares are sold throughout the pricing period. Cash funds were received in two installments, comprising US\$1,810,792 (A\$2,820,000) on 19 April 2024, and US\$3,645,104 (A\$5,465,128) on 3 July 2024 after the call notice was closed on 28 June 2024. The purchase price per capital call share ranged from A\$0.2194 to A\$0.3664 during the capital call period.

There were no other significant changes in the state of affairs of the Group during the period.

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# Directors' Report

## REVIEW OF OPERATIONS

The financial results of the Group are presented in US dollars, unless otherwise referenced.

### Operating Results

The Group made a net loss after income tax for the half-year ended 30 June 2024 of \$11,517,767 (30 June 2023: \$17,146,781).

Revenue for the half-year ended 30 June 2024 of \$106,693 decreased 8% from \$115,606 in the same period a year ago.

Total expenses for the half-year ended 30 June 2024 of \$11,690,959 decreased 31% from \$16,851,241 reported in the half-year ended 30 June 2023. This decrease was attributable to:

- 1) Research & development (R&D) expenses of \$4,477,746 for the current period increased 14%, or \$539,589 from 30 June 2023. R&D costs in the current period includes a \$576,037 impairment of capitalised intangible assets after consideration of current impairment indicators, an increase in employment related expenditure along with a reduction in R&D grant income with the expansion of the US-based R&D team and recognition of the severance costs of the Australian team, offset by a reduction in third party licenses and patent expenditure.
- 2) Sales & Marketing (S&M) expenses of \$2,428,031 for the current period increased 6%, or \$146,945 from the comparative period as a result of a small increase in headcount for the sales and marketing team in both the USA and international locations, offset by a reduction in third party marketing and promotional expenditures.
- 3) General & Administrative (G&A) expenses of \$3,307,742 decreased 3%, or \$88,138 from the same period a year ago, resulting from:
  - a) Increase in employee-related expenses; balanced by
  - b) reduced recruitment and other professional costs as the company focussed on cost saving measures.
- 4) Share based payment expense of \$1,477,440 in the current period decreased 80%, or \$5,758,678 from the comparative period. The decrease is attributable to the issue of 8 million restricted stock units to Mr Manny Hernandez in the prior half-year, as approved at the 2023 AGM equity, as well the recognition of \$2,178,253 vesting credit resulting from the reassessment of achieving the maximum performance hurdles included in grants to employees. Net share based vesting expense recognised relates to equity issued to senior executives and directors in accordance with AGM resolutions and to employees in accordance with the BrainChip Equity Plan (previously named the BrainChip Long Term Incentive Plan). Share based payments expense is non-cash and represents the value of options, restricted share units, service rights and performance rights issued to directors, employees and consultants that have been earned during the reporting period, offset by the effect of cancelled and forfeited equity instruments.

### Balance Sheet and Cashflows

At the end of the half-year the Group had consolidated net assets of \$14,515,100 (31 December 2023: \$16,834,321), including cash and cash equivalents of \$10,904,984 (31 December 2023: \$14,343,381).

Cash from Financing Activities includes \$4,346,416 from the issue of shares to LDA Capital and \$821,351 from the exercise of options held by BrainChip Equity Plan participants.

## SECURITIES ON ISSUE

The Company has the following securities on issue as of the date of this report:

Ordinary shares	1,962,467,976
Options over ordinary shares	51,787,742
Restricted stock units	106,051,092
Service rights	2,093,022
Performance rights	4,858,010

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## Directors' Report

### SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In the period since 30 June 2024 and to the date of this report, the following subsequent events have occurred:

On 3 July 2024, the Company received US\$3,645,104 (A\$5,465,128) upon the closure of the capital call notice with LDA Capital on 28 June 2024.

On 25 July 2024, the Company announced an equity capital raise of A\$25 million comprising a fully underwritten share placement to professional and sophisticated investors raising A\$20 million before costs ("Placement"), the sale of A\$2 million (before costs) of existing securities from LDA Capital ("Existing Share Sale") and a non-underwritten share purchase plan ("SPP") to be offered to eligible Australian and New Zealand shareholders to raise a further A\$3 million.

The Placement, Existing Share Sale and SPP were completed with a share price of A\$0.193 ("Offer Price") representing a:

- 3.5% discount to the last close of A\$0.20 per share on 22 July 2024;
- 4.5% discount to the 5-day VWAP of A\$0.2022 per share up to and including 22 July 2024; and
- 4.0% discount to the 10-day VWAP of A\$0.2011 per share up to and including 22 July 2024.

The Company received US\$13,606,629 (A\$20,941,007) (net cash after costs) on 31 July 2024 to close out the Placement and the Existing Share Sale transactions and 103,245,355 shares were issued on 1 August 2024.

Under the SPP, shareholders with a registered address in Australia or New Zealand on 24 July 2024 were eligible to apply for a maximum of A\$30,000 of new shares free of fees. The offer closed on 15 August 2024 resulting in the issue of 3,274,604 shares on 22 August 2024 and cash received by BrainChip of US\$425,838 (A\$632,013).

Since 30 June 2024, BrainChip issued 4,010,000 restricted stock units in accordance with the BrainChip Equity Plan and cancelled 3,600,000 options, 2,229,232 restricted stock units and 748,871 performance rights due to participant's resignation or redundancy.

On 25 July 2024, BrainChip announced that Mr Peter van der Made, Dr Jason Eshraghian and Dr Andre Van Schaik would form the BrainChip Scientific Advisory Board, providing expert consultation at the request of BrainChip's executive team.

No other matter or circumstance has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

### AUDITOR INDEPENDENCE

The Directors received the Independence Declaration, as set out on page 4, from HLB Mann Judd.

Signed in accordance with a resolution of the Directors.



**Antonio J. Viana**

Chair  
26 August 2024

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of BrainChip Holdings Limited for the half-year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia  
26 August 2024

**B G McVeigh**  
Partner

**hlb.com.au**

**HLB Mann Judd ABN 22 193 232 714**

A Western Australian Partnership

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# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	30 June 2024 US\$	30 June 2023 US\$
<b>Continuing operations</b>			
Revenue from contracts with customers	3	106,693	115,606
Cost of goods sold		(38,042)	(68,835)
<b>Gross profit</b>		68,651	46,771
Research & development expenses	4(a)	(4,477,746)	(3,938,157)
Selling & marketing expenses	4(b)	(2,428,031)	(2,281,086)
General & administrative expenses	4(c)	(3,307,742)	(3,395,880)
Share based payment expense	15(a)	(1,477,440)	(7,236,118)
<b>Operating loss</b>		(11,622,308)	(16,804,470)
Finance income	5(a)	202,761	198,372
Finance expense	5(b)	(86,942)	(130,243)
Net fair value gain/(loss) through profit and loss	5(c)	13,575	(380,523)
<b>Loss from continuing operations before income tax</b>		(11,492,914)	(17,116,864)
Income tax expense		(24,853)	(29,917)
<b>Net loss for the period</b>		(11,517,767)	(17,146,781)
<b>Other comprehensive income / (loss)</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Remeasurement losses on defined benefit plans		13,827	(22,672)
<i>Items that may be reclassified subsequently to profit or loss (net of tax):</i>			
Exchange differences on translation of foreign operations		(146,026)	(71,050)
<b>Other comprehensive loss for the period, net of tax</b>		(132,199)	(93,722)
<b>Total comprehensive loss for the period, net of tax</b>		(11,649,966)	(17,240,503)
		<b>US cents per share</b>	<b>US cents per share</b>
<b>Loss per share attributable to ordinary equity holders of the Company</b>			
Basic and diluted loss per share	6	(0.60)	(0.93)

The above condensed consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

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# Condensed Consolidated Statement of Financial Position

	Note	30 June 2024 US\$	31 December 2023 US\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	10,904,984	14,343,381
Trade and other receivables	8	4,835,394	2,422,006
Inventory		496,831	482,960
Other assets		260,244	309,638
<b>Total current assets</b>		<u>16,497,453</u>	<u>17,557,985</u>
<b>NON-CURRENT ASSETS</b>			
Right-of-use assets	9	1,116,635	1,334,641
Plant and equipment		402,298	427,737
Intangible assets	10	-	608,772
Other assets		290,623	253,088
<b>Total non-current assets</b>		<u>1,809,556</u>	<u>2,624,238</u>
<b>TOTAL ASSETS</b>		<u>18,307,009</u>	<u>20,182,223</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,483,518	853,642
Deferred revenue		98,111	58,185
Financial liabilities	12	14,927	34,701
Lease liabilities	11	458,747	446,751
Employee benefits liabilities		566,184	553,173
<b>Total current liabilities</b>		<u>2,621,487</u>	<u>1,946,452</u>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	12	84,481	68,213
Lease liabilities	11	908,193	1,147,470
Defined benefit plan		177,748	185,767
<b>Total non-current liabilities</b>		<u>1,170,422</u>	<u>1,401,450</u>
<b>TOTAL LIABILITIES</b>		<u>3,791,909</u>	<u>3,347,902</u>
<b>NET ASSETS</b>		<u>14,515,100</u>	<u>16,834,321</u>
<b>EQUITY</b>			
Contributed equity	14(a)	153,479,561	145,626,256
Share based payments reserve		46,196,537	44,719,097
Foreign currency translation reserve		110,775	256,801
Other equity reserve		247,872	247,872
Accumulated losses		(185,519,645)	(174,015,705)
<b>TOTAL EQUITY</b>		<u>14,515,100</u>	<u>16,834,321</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

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## Condensed Consolidated Statement of Cash Flows

	Note	30 June 2024 US\$	30 June 2023 US\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Receipts from customers		137,606	867,779
Grants and R&D credits received from third parties		329,494	-
Payments to suppliers and employees		(8,988,183)	(11,190,694)
Interest received		202,761	198,372
Interest paid		(41,785)	(52,848)
Income taxes refunded/(paid)		35,529	(91,674)
Net cash flows used in operating activities		<u>(8,324,578)</u>	<u>(10,269,065)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		<u>(51,412)</u>	<u>(74,871)</u>
Net cash flows used in investing activities		<u>(51,412)</u>	<u>(74,871)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the issue of shares		5,167,767	9,168,093
Payment of share issue costs		(33,348)	(33,144)
Payment of lease liabilities	11	<u>(219,380)</u>	<u>(132,127)</u>
Net cash flows generated from financing activities		<u>4,915,039</u>	<u>9,002,822</u>
Net decrease in cash and cash equivalents		(3,460,951)	(1,341,114)
Net foreign exchange differences		22,554	611
Cash at the beginning of the financial period		<u>14,343,381</u>	<u>23,165,288</u>
Cash and cash equivalents at the end of the period	7	<u>10,904,984</u>	<u>21,824,785</u>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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## Condensed Consolidated Statement of Changes in Equity

	Contributed equity	Share based payment reserve	Other reserves	Foreign currency reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
<b>At 1 January 2023</b>	135,115,291	33,364,863	247,872	118,591	(145,128,211)	23,718,406
Loss for the half-year	-	-	-	-	(17,146,781)	(17,146,781)
Other comprehensive loss	-	-	-	(71,050)	(22,672)	(93,722)
<b>Total comprehensive loss for the period</b>	-	-	-	(71,050)	(17,169,453)	(17,240,503)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued	8,560,424	-	-	-	-	8,560,424
Converted Treasury shares	957,121	-	-	-	-	957,121
Share issue costs	(37,427)	-	-	-	-	(37,427)
Share-based payment	-	7,236,118	-	-	-	7,236,118
<b>At 30 June 2023</b>	144,595,409	40,600,981	247,872	47,541	(162,297,664)	23,194,139

	Contributed equity	Share based payment reserve	Other reserves	Foreign currency reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
<b>At 1 January 2024</b>	145,626,256	44,719,097	247,872	256,801	(174,015,705)	16,834,321
Loss for the half-year	-	-	-	-	(11,517,767)	(11,517,767)
Other comprehensive loss	-	-	-	(146,026)	13,827	(132,199)
<b>Total comprehensive loss for the period</b>	-	-	-	(146,026)	(11,503,940)	(11,649,966)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued	7,085,900	-	-	-	-	7,085,900
Converted Treasury shares	793,498	-	-	-	-	793,498
Share issue costs	(26,093)	-	-	-	-	(26,093)
Share-based payment	-	1,477,440	-	-	-	1,477,440
<b>At 30 June 2024</b>	153,479,561	46,196,537	247,872	110,775	(185,519,645)	14,515,100

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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# Notes to the Half-year Condensed Consolidated Financial Statements

## 1. CORPORATE INFORMATION

The interim condensed consolidated financial report of BrainChip Holdings Ltd (“BrainChip” or “Company”) and its controlled entities (“Consolidated Entity” or “Group”) for the half-year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 26 August 2024.

BrainChip Holdings Ltd is a for-profit company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange.

The address of the registered office is Level 8, 210 George Street, Sydney NSW 2000, Australia.

The nature of the operations and principal activities of the Group are described in the Directors’ Report.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The half-year condensed consolidated financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year condensed consolidated financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023, and considered together with any public announcements made by the Company during the half-year ended 30 June 2024 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

### New standards, interpretation and amendments adopted by the Group

The accounting policies adopted in the preparation of the half-year condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

	30 June 2024 US\$	30 June 2023 US\$
<b>(a) Types of goods or service</b>		
Product revenue	73,655	79,074
Development service revenue	33,038	36,532
Total revenue from contracts with customers	<u>106,693</u>	<u>115,606</u>
<b>(b) Timing of revenue recognition</b>		
Services transferred over time	33,038	26,532
Sale of product and license transferred at a point in time	73,655	89,074
Total revenue	<u>106,693</u>	<u>115,606</u>

Refer to Note 16 for the disaggregation of revenue from contracts with customers by geographical region.

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# Notes to the Half-year Condensed Consolidated Financial Statements

## 4. EXPENSES

	30 June 2024 US\$	30 June 2023 US\$
<b>(a) Research &amp; development expenses</b>		
Employee expenses	3,686,079	3,545,044
Grants received	(203,304)	(487,193)
Third party development services	-	436,492
Patent application fees	42,052	88,583
Software/hardware IT expenses	206,365	136,297
Amortisation of intangible assets	32,735	32,735
Impairment of intangible assets	576,037	-
Depreciation of plant & equipment	7,102	7,745
Depreciation of right of use assets	34,377	35,188
Other expenses	96,303	143,266
Total research & development expenses	<u>4,477,746</u>	<u>3,938,157</u>
<b>(b) Selling &amp; marketing expenses</b>		
Employee expenses	1,971,538	1,738,261
Promotional and advertising	229,751	270,633
Other expenses	226,742	272,192
Total selling & marketing expenses	<u>2,428,031</u>	<u>2,281,086</u>
<b>(c) General &amp; administrative expenses</b>		
Employee expenses	2,062,167	1,834,555
Legal and professional expenses	301,883	329,226
Corporate and listing expenses	226,116	233,998
Travel and accommodation expenses	91,297	85,509
Third party recruiting costs	5,700	217,844
Depreciation of plant & equipment	68,367	62,242
Depreciation of right of use assets	176,916	174,662
Office rent	4,472	4,963
Software lease expense	185,189	184,758
Other expenses	185,635	268,123
Total general & administrative expenses	<u>3,307,742</u>	<u>3,395,880</u>

## 5. FINANCE INCOME AND EXPENSES

	30 June 2024 US\$	30 June 2023 US\$
<b>(a) Finance income</b>		
Interest received	202,761	198,372
Total finance income	<u>202,761</u>	<u>198,372</u>
<b>(b) Finance expense</b>		
Other interest expense	44,062	54,845
Foreign exchange loss	42,880	75,398
Total finance expense	<u>86,942</u>	<u>130,243</u>

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# Notes to the Half-year Condensed Consolidated Financial Statements

## 5. FINANCE INCOME AND EXPENSES (continued)

	30 June 2024 US\$	30 June 2023 US\$
<b>(c) Net fair value gain/(loss) through profit and loss</b>		
Net gain/(loss) from financial assets and liabilities measured at fair value through the profit and loss (i),(ii).	13,575	(380,523)
Total net fair value gain/(loss) through profit and loss	<u>13,575</u>	<u>(380,523)</u>

On 4 December 2023, BrainChip submitted a capital call notice to LDA Capital Limited and LDA Capital LLC (“LDA Capital”) in accordance with the Put Option Agreement (POA) dated 13 August 2020 to subscribe for up to 25 million shares. The capital call notice was closed and cash funds of US\$2,535,623 (A\$3,850,488) were received on 23 January 2024 and a net loss from financial assets measured at fair value through profit and loss in the current period of \$44,654 was recognised after consideration of the purchase price per capital call share ranging from A\$0.1642 to A\$0.1891 and the pricing mechanism, reconciled as follows:

	2024 US\$
<b>(i) LDA Capital Cash reconciliation – December 2023:</b>	
Cash received on settlement	2,535,623
Reversal of receivable and derivative asset recognised at 31 December 2023	(963,007)
Net (gain)/loss from financial assets and liabilities measured at fair value through the profit and loss (Note 5(c))	44,654
Foreign currency gain recognised due to timing of closure of capital call notice and receipt of cash.	<u>886</u>
Value of shares allocated on exercise of LDA Capital put option premium (Note 14(b))	<u>1,618,156</u>

On 27 March 2024, BrainChip submitted a capital call notice to LDA Capital in accordance with the Third Amendment to the POA to subscribe for 40 million shares. The formula used to determine LDA Capital’s purchase price remains set at 91.5% of the average of the daily Volume Weighted Average Price for each day shares are sold throughout the pricing period. Cash funds were received in two instalments, comprising US\$1,810,792 (A\$2,820,000) on 19 April 2024, and US\$3,645,104 (A\$5,465,128) on 3 July 2024 after the call notice was closed on 28 June 2024. The purchase price per capital call share ranged from A\$0.2194 to A\$0.3664 during the capital call period. A net gain from financial assets and liabilities measured at fair value through the profit and loss of \$58,229 was recognised. Refer below for the reconciliation of cash and issued capital.

	2024 US\$
<b>(ii) LDA Capital Cash reconciliation – March – June 2024:</b>	
Interim cash received during capital call notice period	1,810,793
Receivable recognised at 30 June 2024 upon closure of notice on 28 June (Note 8)	3,645,104
Net (gain)/loss from financial assets and liabilities measured at fair value through the profit and loss (Note 5(c))	(58,229)
Foreign currency gain recognised due to timing of closure of capital call notice and receipt of cash.	<u>70,076</u>
Value of shares allocated on exercise of LDA Capital put option premium (Note 14(b))	<u>5,467,744</u>

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# Notes to the Half-year Condensed Consolidated Financial Statements

## 6. LOSS PER SHARE

	<b>30 June 2024 US\$</b>	<b>30 June 2023 US\$</b>
Net loss attributable to ordinary shareholders for basic and diluted earnings per share	11,517,767	17,146,781
	<b>US cents per share</b>	<b>US cents per share</b>
Basic and diluted loss per share	0.60	0.93
Weighted average number of ordinary shares for basic loss per share <sup>(2)</sup>	1,907,787,032	1,834,761,868
Effect of the dilution of share options and performance rights <sup>(1)</sup>	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>1,907,787,032</u>	<u>1,834,761,868</u>

<sup>(1)</sup> At 30 June 2024, the Company had on issue 55,387,742 share options (30 June 2023: 66,682,981), 104,270,324 restricted stock units (30 June 2023: 40,240,952), 2,093,022 service rights (30 June 2023: Nil) and 5,606,881 performance rights (30 June 2023: 5,651,727) that were excluded from the calculation of diluted loss per share as they are considered anti-dilutive.

<sup>(2)</sup> Weighted average number of ordinary shares has been adjusted as a result of rights issue to institutional and sophisticated investors for all periods.

## 7. CASH AND CASH EQUIVALENTS

	<b>30 June 2024 US\$</b>	<b>31 December 2023 US\$</b>
Cash at bank and in hand	10,891,048	14,301,026
Term deposits	13,936	42,355
Total	<u>10,904,984</u>	<u>14,343,381</u>

## 8. TRADE AND OTHER RECEIVABLES

	<b>30 June 2024 US\$</b>	<b>31 December 2023 US\$</b>
Trade receivables (i)	55,000	60,803
R&D refundable tax offset	1,115,236	1,347,203
Receivable from the issue of shares – refer Note 5(c)	3,645,104	921,792
Derivative asset	-	41,215
Other receivables	20,054	50,993
Total	<u>4,835,394</u>	<u>2,422,006</u>

(i) Trade receivables are non-interest bearing and generally on terms of 30-90 days. No allowance for expected credit loss is expected.

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## 9. RIGHT-OF-USE ASSETS

	30 June 2024 US\$	31 December 2023 US\$
At cost	2,250,657	2,264,325
Accumulated depreciation	(1,134,022)	(929,684)
	<u>1,116,635</u>	<u>1,334,641</u>
		6 Months to 30 June 2024 US\$
<b>Movement in right-of-use assets:</b>		
At 1 January		1,334,641
Depreciation		(211,293)
Net foreign exchange movements		(6,713)
At 30 June		<u>1,116,635</u>

## 10. INTANGIBLE ASSETS

	30 June 2024 US\$	31 December 2023 US\$
Patents and licenses with finite useful life – at cost	1,040,312	1,040,312
Accumulated amortisation	(464,275)	(431,540)
Impairment	(576,037)	-
	<u>-</u>	<u>608,772</u>
		6 Months to 30 June 2024 US\$
<b>Movement in patents and licenses:</b>		
At 1 January		608,772
Amortisation		(32,735)
Impairment		(576,037)
At 30 June		<u>-</u>

Management identified certain impairment indicators, comprising high global interest rates and the challenge of inconsistent revenue streams which required an assessment of the recoverable amount of the Group's assets at 30 June 2024. Management completed a value-in-use calculation using a discounted cash flow model, based on a 5-year projection period approved by management, together with a terminal value.

Key assumptions used in the value-in-use calculations are those to which the recoverable amount of an asset or cash-generating unit is most sensitive. The following key assumptions were used in the discounted cash flow model:

- 21.8% pre-tax discount rate;
- BrainChip secures sale contracts resulting in a growth rate in revenue of 777% in 2025, recognising the small base reported at 30 June 2024. Subsequent annual revenue growth rates of 95% in 2026 and 100% in 2027 were used, followed by 3.5% per annum projected long term revenue growth rate used in calculating the terminal value; and
- Growth rates of operating costs and overhead used in calculating the terminal value of 27% in 2025 and 5% in both 2026 and 2027, followed by 3.5% per annum increase thereafter.

The discount rate reflects management's estimate of the time value of money and the Group's weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements.

Upon completion of the assessment, management determined that an impairment charge of \$576,037 be applied to the carrying amount of the intangible assets.

## 11. LEASE LIABILITIES

	30 June 2024 US\$	31 December 2023 US\$
Current	458,747	446,751
Non-Current	908,193	1,147,470
	<u>1,366,940</u>	<u>1,594,221</u>
		6 Months to 30 June 2024 US\$
<b><i>Movement in lease liabilities</i></b>		
At 1 January		1,594,221
Payment of lease liabilities		(219,380)
Net foreign exchange movements		(7,901)
At 30 June		<u>1,366,940</u>

## 12. FINANCIAL LIABILITIES

	30 June 2024 US\$	31 December 2023 US\$
Advances from third parties and government grant subsidies (a)		
Current	14,927	34,701
Non-current	84,481	68,213
Total	<u>99,408</u>	<u>102,914</u>

### (a) Advances from third parties and government grant subsidies

Non-current advances and government grant subsidies include loans from various French government agencies which are granted without any interest and are to be repaid under certain conditions. The benefit of the government loan at a below-market rate of interest is treated as a government grant.

	6 Months to 30 June 2024 US\$
<b><i>Movement in advances from third parties</i></b>	
At 1 January	102,914
Operating grant revenue	(489)
Foreign exchange movements	(3,017)
At 30 June	<u>99,408</u>

# Notes to the Half-year Condensed Consolidated Financial Statements

## 13. FINANCIAL ASSETS & LIABILITIES

Set out below is an overview of financial assets (other than cash and short-term deposits) and financial liabilities held by the Group as at 30 June 2024 and 31 December 2023:

	30 June 2024 US\$	31 December 2023 US\$
<b>(a) Financial assets at amortised cost</b>		
Trade and other receivables	4,835,394	2,422,006
<b>Total financial assets</b>	<u>4,835,394</u>	<u>2,422,006</u>
<i>Current</i>	4,835,394	2,422,006
Total financial assets	<u>4,835,394</u>	<u>2,422,006</u>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	1,483,518	853,642
Financial liabilities		
- Advances from third parties and government grant subsidies	99,408	102,914
<b>Total financial liabilities</b>	<u>1,582,926</u>	<u>956,556</u>
<i>Current</i>	1,498,445	888,343
<i>Non-current</i>	84,481	68,213
<b>Total financial liabilities</b>	<u>1,582,926</u>	<u>956,556</u>

## 14. CONTRIBUTED EQUITY

	30 June 2024 US\$	31 December 2023 US\$
<b>(a) Ordinary Shares</b>		
Issued and fully paid	153,479,561	145,626,256
<b>Total financial assets</b>	<u>153,479,561</u>	<u>145,626,256</u>
<b>(b) Movements in ordinary shares on issue</b>		
	<b>Number</b>	<b>US\$</b>
At 1 January	1,805,814,685	145,626,256
Value of shares issued in December 2023 to LDA Capital (Note 5(c))	-	1,618,156
Shares allocated on exercise of LDA Capital put option premium (Note 5(c))	40,000,000	5,467,744
Issue of shares to the Trustee of the BrainChip Equity Plan	10,000,000	-
Issue of shares to third party on conversion of restricted stock units	133,332	-
Treasury shares issued on conversion of options	-	793,498
Share issue costs	-	(26,093)
At 30 June	<u>1,855,948,017</u>	<u>153,479,561</u>

### (c) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up the Company the holders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

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## Notes to the Half-year Condensed Consolidated Financial Statements

### 14. CONTRIBUTED EQUITY (continued)

(d) Treasury shares	30 June 2024 Number	31 December 2023 Number
Fully paid shares issued to Trustee of the BrainChip Equity Plan	7,426,660	11,459,234
	<u>7,426,660</u>	<u>11,459,234</u>

	Number
<b>Movements in Treasury shares</b>	
At 1 January	11,459,234
Shares issued to Trust from BrainChip Holdings Ltd	10,000,000
Shares issued on exercise of options <sup>(1)</sup>	(10,649,096)
Shares issued on conversion of restricted stock units	(2,640,520)
Shares issued on conversion of performance rights	(742,958)
At 30 June	<u>7,426,660</u>

(1) Net cash received on conversion of options totalled \$821,351.

### (e) Share options on issue

Unissued ordinary shares of the Company under option at 30 June 2024 are as follows:

Type	Expiry Date	Exercise Price (US\$)	30 June 2024 Number	31 December 2023 Number
<i>Options issued as share-based payments</i>				
Unlisted – refer Note 15(b)	Various	Various	55,387,742	63,651,314
<b>Total</b>			<u>55,387,742</u>	<u>63,651,314</u>

### (f) Restricted stock units on issue

Unissued ordinary shares of the Company held as restricted stock units at 30 June 2024 are as follows:

Type	30 June 2024 Number	31 December 2023 Number
Unlisted – refer Note 15(e) for movement in restricted stock units	104,270,324	39,049,960
<b>Total</b>	<u>104,270,324</u>	<u>39,049,960</u>

### (g) Service Rights on issue

Unissued ordinary shares of the Company held as service rights at 30 June 2024 are as follows:

Type	30 June 2024 Number	31 December 2023 Number
Unlisted – refer Note 15(g) for movement in restricted stock units	2,093,022	-
<b>Total</b>	<u>2,093,022</u>	<u>-</u>

### (h) Performance rights on issue

Unissued ordinary shares of the Company held as performance rights at 30 June 2024 are as follows:

Type	30 June 2024 Number	31 December 2023 Number
Unlisted – refer Note 15(i) for movement in performance rights	5,606,881	4,234,609
<b>Total</b>	<u>5,606,881</u>	<u>4,234,609</u>

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# Notes to the Half-year Condensed Consolidated Financial Statements

## 15. SHARE-BASED PAYMENTS

	30 June 2024 US\$	30 June 2023 US\$
<b>(a) Recognised share-based payment expenses</b>		
Equity instruments issued to third parties	22,139	2,349,954
Equity instruments issued in accordance with BrainChip Equity Plan	3,633,554	4,886,164
Vesting credit recognised <sup>(1)</sup>	(2,178,253)	-
<b>Total share-based payment expenses</b>	<b>1,477,440</b>	<b>7,236,118</b>

<sup>(1)</sup> Management assessed the likelihood of achievement of certain performance conditions and recognised a vesting credit in the current period where it is not considered probable that the vesting conditions will be met.

### (b) Share options granted as share-based payments

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options issued as share based payments during the half-year:

	2024 Number	2024 WAEP (US\$)	2023 Number	2023 WAEP (US\$)
At 1 January	63,451,314	0.163	71,493,281	0.153
Granted during the period	7,036,661	0.177	1,762,200	0.278
Exercised during the period	(10,649,096)	(0.162)	(6,322,500)	(0.162)
Forfeited during the period	(832,804)	(0.244)	(250,000)	(0.244)
Lapsed during the period	(418,333)	(0.255)	-	-
Expired during the period	(3,200,000)	(0.169)	-	-
End of reporting period	<b>55,387,742</b>	<b>0.177</b>	<b>66,682,981</b>	<b>0.156</b>
Exercisable (vested and unrestricted) at the end of the period	31,395,017	0.161	42,044,113	0.118

The weighted average remaining contractual life for the share options outstanding at 30 June 2024 is 6.192 years (31 December 2023: 6.818 years).

The weighted average fair value of options granted during the period was \$0.152 (31 December 2023: \$0.676)

The range of exercise prices for options outstanding at the end of the period was \$0.023 to \$0.663 (31 December 2023: \$Nil to \$0.711).

The above options are exercisable after vesting and at any time on or before the expiry date.

### (c) Movement in share options granted as share-based payments

The movement in unissued ordinary shares of the Company under option during the half-year is as follows:

Grant Type	Grant Date	Expiry Date	Exercise Price (US\$)	Exercise				
				Granted	Exercised	Forfeited	Lapsed	Expired
AGM 2017	31/05/2017	31/01/2024	0.138	-	-	-	-	2,000,000
AGM 2017	31/05/2017	01/02/2023	0.182	-	-	-	-	1,000,000
LTIP	11/03/2019	13/03/2029	0.047	-	7,000,000	-	-	-
LTIP	26/08/2020	26/08/2020	0.144	-	3,649,096	-	-	-
LTIP	17/11/2020	3/12/2030	0.256	-	-	125,000	375,000	-
LTIP	10/08/2021	10/08/2031	0.400	-	-	150,000	-	-
LTIP	09/04/2021	09/04/2031	0.411	-	-	-	-	200,000
LTIP	29/04/2022	29/04/2032	0.659	-	-	83,000	-	-
LTIP	14/12/2022	14/12/2032	0.243	-	-	86,667	43,333	-
LTIP	21/04/2023	21/04/2033	0.278	-	-	388,137	-	-
LTIP	20/05/2024	20/05/2034	0.177	7,036,661	-	-	-	-
				<b>7,036,661</b>	<b>10,649,096</b>	<b>832,804</b>	<b>418,333</b>	<b>3,200,000</b>

## Notes to the Half-year Condensed Consolidated Financial Statements

### 15. SHARE-BASED PAYMENTS (continued)

#### (d) Options pricing model

The fair value of the equity-settled share options granted with non-market and service conditions is estimated on the date of the offer of the grant using a Black Scholes Option Pricing model. Share options granted with market conditions ("M-C") are valued using a Monte-Carlo simulation. The following table lists the inputs to the models used for the valuation of options during the half-year ended 30 June 2024:

	Number of options	Fair value at measurement date \$US	Share price at Grant Date US\$	Exercise price US\$	Expected volatility (%)	Risk-free interest rate (%)	Expected life of options in years
Employees	6,473,724	0.152	0.167	0.177	100.0	4.41	10.0
Employees, MC 1	187,645	0.056	0.167	0.177	100.0	4.41	10.0
Employees, MC 2	375,292	0.083	0.167	0.177	100.0	4.41	10.0

#### (e) Restricted stock units granted as share-based payments

The following table summarises the movement in restricted stock units issued as share-based payments:

	<b>30 June 2024 US\$</b>
At 1 January	39,049,960
Issued during the half-year under the BrainChip Equity Plan	70,414,600
Converted during the half-year under the BrainChip Equity Plan	(2,640,520)
Cancelled during the half-year under the BrainChip Equity Plan	(3,684,352)
Issued during the half-year to third parties (non-BrainChip Equity Plan)	1,397,302
Converted during the half-year to third parties (non-BrainChip Equity Plan)	(133,332)
Cancelled during the half-year to third parties (non-BrainChip Equity Plan)	(133,334)
At 30 June	<u>104,270,324</u>

#### (f) Restricted Stock Units valuation model

The fair value of the restricted stock units granted is estimated on the date of the grant using the share price and the exchange rate at the date of the offer of the grant. Restricted stock units granted with market conditions ("M-C") are valued using a Monte-Carlo simulation. The following table lists the inputs to the models used for the valuation of restricted stock units issued during the half-year ended 30 June 2024:

	Number of restricted stock units	Grant date	Fair value at measurement date \$US
Employees	6,483,210	30/04/2024	0.189
Employees	2,457,716	22/05/2024	0.071
Employees	54,674,470	20/05/2024	0.167
Employees, MC 1	1,572,775	20/05/2024	0.083
Employees, MC 2	3,117,550	20/05/2024	0.110
Directors	2,108,879	23/05/2024	0.170
Contractors	1,397,302	20/05/2024	0.167

#### (g) Service rights granted as share-based payments

The following table summarises the movement in service rights issued as share-based payments:

	<b>30 June 2024 US\$</b>
At 1 January	-
Issued during the half-year under LTIP	<u>2,093,022</u>
At 30 June	<u>2,093,022</u>

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## 15. SHARE-BASED PAYMENTS (continued)

### (h) Service rights valuation model

The fair value of the service rights granted is estimated on the date of the grant using the share price and the exchange rate at the date of the offer of the grant. The following table lists the inputs to the models used for the valuation of service rights issued during the half-year ended 30 June 2024:

	Number of performance rights	Grant date	Fair value at measurement date \$US
Directors	2,093,022	23/05/2024	0.170

### (i) Performance rights granted as share-based payments

The following table summarises the movement in performance rights issued as share-based payments:

	<b>30 June 2024 US\$</b>
At 1 January	4,234,609
Issued during the half-year under LTIP	2,277,022
Converted during the half-year under LTIP	(742,958)
Cancelled during the half-year under LTIP	(161,792)
At 30 June	<u>5,606,881</u>

### (j) Performance rights valuation model

The fair value of the performance rights granted is estimated as on the date of the grant using the share price and the exchange rate at the date of the offer of the grant. Performance rights granted with market conditions ("M-C") are valued using a Monte-Carlo simulation. The following table lists the inputs to the models used for the valuation of performance rights issued during the half-year ended 30 June 2024:

	Number of performance rights	Grant date	Fair value at measurement date \$US
Employees	2,094,859	20/05/2024	0.167
Employees, MC 1	60,721	20/05/2024	0.101
Employees, MC 2	121,442	20/05/2024	0.110

## 16. OPERATING SEGMENTS

For management purposes, the Group is organised into one operating segment, being the technological development of designs that can be licensed to OEM (Original Equipment Manufacturer) Customers, End Users and System Integrators based on Artificial Neural Networks.

All the activities of the Group are interrelated, and each activity is dependent on the others. Accordingly, all significant operating disclosures are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The Group currently derives revenue from BrainChip Inc., located in the USA, and BrainChip SAS, its France based subsidiary.

Geographically, the Group has the following revenue information based on the location of its customers and non-current assets from where its investing activities are managed.

	<b>30 June 2024 US\$</b>	<b>30 June 2023 US\$</b>
<b>Revenue from external customers</b>		
Americas	21,665	82,462
Oceania	25,030	-
Europe, Middle East & Asia (EMEA)	59,998	33,143
Revenue from continuing operations	<u>106,693</u>	<u>115,605</u>

Customers representing more than 10% of revenues in the current half-year amounted to \$45,195 (2023: \$98,905) comprising product revenue of \$16,537 and engineering services revenue of \$28,658 of which \$20,165 was earned from customers located in the Americas and \$20,165 earned from Oceania. (2023: development service revenue of \$10,000, product revenue of \$62,373 and engineering services revenue of \$26,532 of which \$73,611 was earned from customers located in the Americas and \$25,294 earned from EMEA).

	<b>30 June 2024 US\$</b>	<b>31 December 2023 US\$</b>
<b>Non-current assets</b>		
North America	1,299,241	2,033,021
Oceania	228,559	261,759
EMEA	281,756	329,458
	<u>1,809,556</u>	<u>2,624,238</u>

## 17. COMMITMENTS

The Group has no commitments as at 30 June 2024.



## 18. EVENTS AFTER BALANCE SHEET DATE

In the period since 30 June 2024 and to the date of this report, the following subsequent events have occurred: On 3 July 2024, the Company received US\$3,645,104 (A\$5,465,128) upon the closure of the capital call notice with LDA Capital on 28 June 2024.

On 25 July 2024, the Company announced an equity capital raise of A\$25 million comprising a fully underwritten share placement to professional and sophisticated investors raising A\$20 million before costs ("Placement"), the sale of A\$2 million (before costs) existing securities from LDA Capital ("Existing Share Sale") and a non-underwritten share purchase plan ("SPP") to be offered to eligible Australian and New Zealand shareholders to raise a further A\$3 million.

The Placement, Existing Share Sale and SPP were completed with a share price of A\$0.193 ("Offer Price") representing a:

- 3.5% discount to the last close of A\$0.20 per share on 22 July 2024;
- 4.5% discount to the 5-day VWAP of A\$0.2022 per share up to and including 22 July 2024; and
- 4.0% discount to the 10-day VWAP of A\$0.2011 per share up to and including 22 July 2024.

The Company received US\$13,606,629 (A\$20,941,007) (net cash after costs) on 31 July 2024 to close out the Placement and the Existing Share Sale transactions and 103,245,355 shares were issued on 1 August 2024.

Under the SPP, shareholders with a registered address in Australia or New Zealand on 24 July 2024 were eligible to apply for a maximum of A\$30,000 of new shares free of fees. The offer closed on 15 August 2024 resulting in the issue of 3,274,604 shares on 22 August 2024 and cash received by BrainChip of US\$425,838 (A\$632,013).

Since 30 June 2024, BrainChip issued 4,010,000 restricted stock units in accordance with the BrainChip Equity Plan and cancelled 3,600,000 options, 2,229,232 restricted stock units and 748,871 performance rights due to participant's resignation or redundancy.

On 25 July 2024, BrainChip announced that Mr Peter van der Made, Dr Jason Eshraghian and Dr Andre Van Schaik would form the BrainChip Scientific Advisory Board, providing expert consultation at the request of BrainChip's executive team.

No other matter or circumstance has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

## 19. RELATED PARTY DISCLOSURES

	30 June 2024 US\$	30 June 2023 US\$
<b>Key management personnel compensation</b>		
Share-based payments	1,764,692	2,329,245
Vesting credit recognised	(1,126,729)	-
	<u>637,963</u>	<u>2,329,245</u>

During the half-year, key management personnel received restricted stock units and service rights to the value of \$1,764,692 (30 June 2023: \$2,329,245). Management assessed the likelihood of achievement of the 2022 performance conditions and determined that a vesting credit of \$1,126,729 should be recognised in the current period in relation to equity units issued to key management personnel.

## Directors' Declaration

In accordance with a resolution of the Directors of BrainChip Holdings Ltd, I state that:

1. In the opinion of the Directors:
  - (a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
    - (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the half-year ended 30 June 2024.

On behalf of the Board.



**Antonio J. Viana**

Chair  
26 August 2024

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of BrainChip Holdings Limited

### Report on the Condensed Half-Year Financial Report

#### *Conclusion*

We have reviewed the half-year financial report of BrainChip Holdings Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2024, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of BrainChip Holdings Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibility of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*HLB Mann Judd*

**HLB Mann Judd  
Chartered Accountants**

**Perth, Western Australia  
26 August 2024**



**B G McVeigh  
Partner**

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