



## ASX Announcement

13 October 2022

### PROPOSED ISSUE OF RESTRICTED STOCK UNITS

**Laguna Hills, Calif. – 13 October 2022** – [BrainChip Holdings Ltd](#) (ASX: BRN), (OTCQX: BCHPY) (“Brainchip” or “the Company”) wishes to advise that the Company proposes the issue of 8 million Restricted Stock Units (**RSUs**) in Brainchip (**New Rights**) to Emmanuel Hernandez following his resignation and the lapse of options previously granted to him by the Company on 7 July 2017 (**Options**). The New Rights are to be issued in accordance with the Brainchip Long-term Incentive Plan (**Plan**) and invitation terms (**Terms**) and will be subject to required approvals under the ASX Listing Rules and Corporations Act at the Company’s next Annual General Meeting (**AGM**) or any earlier EGM that may be called by the Company.

The Options granted to Mr Hernandez lapsed on 1 March 2022, following his resignation from the Company.

Mr Hernandez expressed interest in reaching an agreement with the Company to avoid exercising his Options at the same time and instead to continue holding the Options beyond his resignation date up to expiration. The Company agreed to work with Mr Hernandez to find an alternative to exercising the Options as this was considered to be in the best interest of the Company and shareholders. In so doing, the parties entered into discussions relating to deferring the exercise of the Options. However, at the time of his resignation, it was determined that the Company could not modify the terms of the Options without seeking shareholder approval or a waiver from ASX in relation to Listing Rule approval requirements for any such modification. During the time required to investigate the proper method of modifying the Options and negotiating the terms with Mr Hernandez, the Options ultimately lapsed. As this occurred whilst Mr Hernandez was engaging with the Company on the process for exercise, the Company considers it appropriate to award Mr Hernandez with the new RSUs.

The Company has been exploring the best approach to address this issue, since the lapse of the Options, and has now agreed to issue the New Rights, subject to required shareholder approvals. The board does not consider that the issue of the New Rights will materially prejudice the Company or other shareholders.

Brainchip also considers the issue of the New Rights to Mr Hernandez to be a necessary step in the prevention of any potential claim by Mr Hernandez.

The terms of the New Rights are attached to this announcement.

## US BASED EMPLOYEES – RESTRICTED STOCK UNITS GRANT

### TERMS

Notwithstanding that you are no longer an Eligible Participant of the 2018 Brainchip Long Term Incentive Plan Rules (**Plan Rules**), you agree that the terms of the RSU's will be as set out in the Plan Rules, as amended by the terms set out below (**Terms**). Capitalised terms used in this letter and not defined in this letter have the meaning given to them in the Plan Rules.

<b>Grant Date:</b>	On or before the latest date specified by the ASX Listing Rules, following receipt of all required shareholder approvals under the ASX Listing Rules and Corporations Act.
<b>Number of RSUs offered:</b>	8 million RSUs
<b>Issue Price:</b>	Nil
<b>Exercise Price:</b>	Nil
<b>Vesting of RSUs</b>	Your RSUs will vest and be automatically exercised on the last date of the month in the month that the Grant Date occurs.
<b>Vesting Condition:</b>	Nil
<b>Performance Hurdles:</b>	Nil
<b>Expiry Date:</b>	The date that is one business day after the last date of the month in the month in which the Grant Date occurs.
<b>Term:</b>	The period between the Grant Date and the Expiry Date.
<b>Dividends and voting rights:</b>	You will not receive voting or dividend rights until your RSUs are exercised and you hold ordinary shares in Brainchip.
<b>Disposal restrictions on RSUs:</b>	As set out in the Plan Rules.
<b>Forfeiture Conditions:</b>	The only Forfeiture Conditions that apply to your RSUs and Plan Shares are those contained in the Plan Rules.
<b>Leavers:</b>	For the purposes of the Plan Rules, you will be regarded as an Eligible Participant and actively employed by the Company until the date of exercise of your RSUs.
<b>Disposal restrictions on Plan Shares:</b>	Plan Shares that you receive upon the exercise of your RSUs will only be restricted from disposal in accordance with Brainchip's Securities Trading Policy, which has regard to Australian insider trading laws.
<b>Time period for Acceptance:</b>	In order to accept this invitation, you must complete and sign the enclosed Application Form, and return it to me by <b>5.00pm on 14 October 2022</b> .