
**Fully Underwritten Institutional Placement, Existing
Share Sale & Share Purchase Plan to raise up to
A\$25 Million**

July 2024

brainchip
Essential AI



Equity Raise Overview

Size and structure	<ul style="list-style-type: none"> ▪ A fully underwritten ~\$22.0 million capital raising comprising: <ul style="list-style-type: none"> ○ A ~\$20.0 million placement via the issue of approximately 103.2 million new shares equating to ~5.6% of existing BrainChip shares on issue, falling within the Company's existing placement capacity under ASX Listing Rule 7.1 ("Placement"), and; ○ The sale of ~10.1 million existing shares equating to ~\$2.0 million that will be transferred from LDA Capital ("Existing Share Sale").
Pricing	<ul style="list-style-type: none"> ▪ The Placement and Existing Share Sale will be conducted at a price of A\$0.193 per share ("Offer Price"), representing a: <ul style="list-style-type: none"> ○ 3.5% discount to the last close of A\$0.20 per share on Monday 22 July 2024; ○ 4.5% discount to the 5-day VWAP of A\$0.2022 per share up to and including Monday 22 July 2024. ○ 4.0% discount to the 10-day VWAP of A\$0.2011 per share up to and including Monday 22 July 2024.
Use of proceeds	<ul style="list-style-type: none"> ▪ Continued investment in commercialisation of Akida 2.0 technology platform ▪ Development of new products incorporating TENNs algorithm and related products ▪ Ongoing investment in research & development aimed at accelerating new product development ▪ Payment of \$371,487 to LDA Capital to fulfill current obligations under the Put Option Agreement ▪ Additional working capital
Ranking	<ul style="list-style-type: none"> ▪ All New Shares issued under the Placement and SPP will rank equally with existing BrainChip shares at the date of their respective issue
Underwriting	<ul style="list-style-type: none"> ▪ Unified Capital Partners Pty Ltd are acting as sole lead manager, sole bookrunner and sole underwriter to the Placement and Existing Share Sale
Share Purchase Plan ("SPP")	<ul style="list-style-type: none"> ▪ Non-underwritten SPP offered to eligible shareholders to raise up to A\$3 million ▪ Eligible shareholders will be invited to apply for up to A\$30,000 of New Shares ▪ The price of New Shares under the SPP will be offered at the Offer price

Placement and SPP Timeline

Event	Date
Trading halt	Tuesday, 23 July 2024
Bookbuild opens	Tuesday, 23 July 2024
Bookbuild closes	9:00am AEST Wednesday, 24 July 2024
SPP record date	7:00pm AEST Wednesday, 24 July 2024
Announcement of transaction completion	Thursday, 25 July 2024
Settlement of Placement shares	Wednesday, 31 July 2024
Allotment of Placement shares	Thursday, 1 August 2024
SPP opens	Thursday, 1 August 2024
SPP closes	Thursday, 15 August 2024
Announcement of the results of the SPP	Monday, 19 August 2024
Allotment of SPP shares	Thursday, 22 August 2024
Normal trading of SPP shares	Friday, 23 August 2024

Sources of Funds & Balance Sheet

Sources	A\$M
Placement	20.0
Existing Share Sale	2.0
SPP	3.0
Total	25.0

Uses	A\$M
Research & Development – See following slide	12.0
Product Manufacturing and operating costs	5.0
Additional working capital	6.5
Transactions costs including:	1.0
• Offer costs	0.4
• Early buyout fee owed to LDA Capital	0.1
• Legal & Administrative Costs	
Total	25.0

Pro-forma Balance Sheet (unaudited)^{1,2,3}

	30 June '24 US\$M	Adjustment US\$M	Pro-forma US\$M
Assets			
Cash	10.9	20.4	31.3
Other Current	5.6	(3.6)	2.0
Non-current	2.4	-	2.4
Liabilities			
Current	2.2	-	2.2
Non-current	1.6	-	1.6
Equity	15.1	16.8	31.9

1. A\$25M converted at an assumed exchange rate of \$0.67 AUD/USD

2. Assumes ~\$20.0M Placement, ~\$2.0M Existing Share Sale and fully subscribed SPP of \$3.0M excluding offer costs

3. Includes A\$5.5M payment from LDA share subscription that closed in Jul-24.

Use of Funds

Proceeds from the Placement and SPP will be used primarily to support the ongoing commercialisation of Akida 2.0 technology and the development, productization and commercialization of the new TENNs product. This represents the next expansion in BrainChip's product portfolio and builds on its existing leadership position in the field of neuromorphic technology.

Non-deal related use of funds includes:

- Accelerate development of TENNs technology and derivative products & models for sales opportunities and product portfolio expansion.
- Development of an Akida 2.0 derivative to support LLM (Large Language Models) on edge devices.
- Development of a cloud-based FPGA system to run Akida 2.0 for customer evaluation purposes.
- Ongoing investment in research & development to analyze new and emerging technology opportunities for novel edge AI applications and product roadmap expansion

KEY RISKS

There are a number of factors, specific to an investment in BrainChip, specific to the Material Contract and of a general nature, which may affect the future operating and financial performance of BrainChip and the industry in which it operates and the outcome of an investment in BrainChip.

This section describes certain key risks associated with an investment in BrainChip which potential investors should consider together with publicly available information (including this Presentation) concerning BrainChip before making an investment decision.

SPECIFIC INVESTMENT RISKS

Risk of delays in product development and introduction

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

Risk of delays in sales and marketing

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

Risk of delays in customer adoption

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

Funding

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

Protection of ownership of technology and intellectual property

BrainChip 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 BrainChip'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 BrainChip'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.

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 BrainChip or that an information technology breach may result in litigation, and potential liability.

KEY RISKS

Reputational damage

Issues of a varying nature may arise that would give rise to reputational risk and cause harm to BrainChip'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 BrainChip or the Group among its shareholders, customers and investors. Further, any resulting loss of confidence may cause damage to BrainChip's reputation and brand. This may adversely impact the future growth and profitability of BrainChip.

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.

BrainChip's technology may be superseded by other technology or changes in business practice

BrainChip'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 BrainChip 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 BrainChip's technology.

GENERAL INVESTMENT RISKS

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.

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.

Litigation, claims and disputes

Issues of a varying nature may arise that would give rise to reputational risk and cause harm to BrainChip'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 BrainChip or the Group among its shareholders, customers and investors.

Risk of shareholder dilution

In the future, BrainChip may elect to issue new Shares in connection with future fundraising. While BrainChip 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.

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KEY RISKS

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.

Employee recruitment risk and retention

There is a risk that BrainChip 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 BrainChip's ability to operate its business, and adequately manage risk and compliance issues.

Risks associated with not taking up new shares under the Entitlement Offer

Entitlements cannot be traded on ASX or privately transferred. New Shares equivalent to the number of New Shares not taken up will be offered for subscription in either the institutional shortfall bookbuild or the retail shortfall bookbuild, as applicable. If you are a shareholder and you do not take up New Shares under the Entitlement Offer, you will not receive any value for your entitlement and your proportionate shareholding will be diluted. Before deciding whether to take up New Shares under the Entitlement Offer, you should seek independent tax advice.

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 BrainChip 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 BrainChip operates, may impact the future tax liabilities and performance of BrainChip. Any changes to the current rates of income tax apply to individuals and trusts will similarly impact on shareholder returns.

Unforeseen risk

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

INTERNATIONAL OFFER RESTRICTIONS

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance).

No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities. The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). In relation to the institutional component of the

Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor". In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

INTERNATIONAL OFFER RESTRICTIONS

United States

This document and any other materials relating to the Entitlement Offer and the Entitlement and Acceptance Form do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person holds ordinary shares in BrainChip and is acting for the account or benefit of a person in the United States).

The New Shares and the Entitlements have not been, and will not be, registered under the US Securities Act of 1933 or the US state securities laws. The New Shares may only be offered and sold in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. Accordingly, the New Shares are only being offered and sold in "offshore transactions" in compliance with Regulation S under the US Securities Act.