



Accelerated Non-renounceable Entitlement Offer

Retail offer booklet

BrainChip Holdings Ltd
ACN 151 159 812

1 for 4 accelerated non-renounceable entitlement offer of new fully paid ordinary shares in the Company at a price of \$0.06 per New Share

Lead managed by Shaw and Partners Limited (AFSL 236048)

Not for distribution or release in the United States

This is an important document which is accompanied by a personalised entitlement and acceptance form and both should be read in their entirety. Please call your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser or the share registry if you have any questions.

Retail Entitlement Offer closes at 5.00pm (Sydney time) on 12 July 2019 (unless extended). Valid applications must be received before that time.



Important notice

Not for distribution or release in the United States

This Retail Offer Booklet is dated 3 July 2019 and relates to the Retail Entitlement Offer which is part of the Entitlement Offer by the Company to raise up to approximately \$9.5 million.

This Retail Offer Booklet has been issued by the Company. The Retail Entitlement Offer is made pursuant to section 708AA of the Corporations Act 2001 (Cth) (Corporations Act) (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). This Retail Offer Booklet is not a prospectus or product disclosure statement under the Corporations Act and has not been lodged with ASIC. This Retail Offer Booklet does not contain all the information which would be required to be disclosed in a prospectus or product disclosure statement. As a result, it is important for you to read and understand the publicly available information on the Company and the Entitlement Offer prior to deciding whether to accept your Entitlement and apply for Additional Shares - including the Company's announcements on ASX.

Note to Applicants

The information contained in this Retail Offer Booklet is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Retail Offer Booklet carefully and in full before deciding whether to accept your entitlement and apply for Additional Shares. In considering an investment in the Company, you should consider the risks that could affect the financial performance or position of the Company. You should carefully consider these risks in the light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice before deciding whether to invest. Some of the risks that should be considered by prospective investors are set out in the Investor Presentation in Section 3. There may be risk factors in addition to these that should be considered in the light of your personal circumstances.

No person named in this Retail Offer Booklet, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the New Shares.

No person is authorised to give any information or make any representation in connection with the Entitlement Offer which is not contained in this Retail Offer Booklet. Any information or representation not so contained may not be relied on as having been authorised by the Company or the directors of the Company.

Your right to acquire New Shares under the Retail Entitlement Offer is not transferrable. Eligible Retail Shareholders should carefully read and follow the instructions in Section 1 and on the back of the accompanying personalised Entitlement and Acceptance Form when making the decision whether to accept your entitlement (and apply for Additional New Shares).

Obtaining a copy of this Retail Offer Booklet

Eligible Retail Shareholders will receive a copy of this Retail Offer Booklet together with an accompanying personalised Entitlement and Acceptance Form. Eligible Retail

Shareholders in Australia and New Zealand can also obtain a copy of this Retail Offer Booklet (free of charge) during the Retail Entitlement Offer period from the Company's website at www.brainchipinc.com or by calling the Share Registry on 1 300 850 505 (from within Australia) or +61 3 9415 4000 (from outside of Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday during the Retail Entitlement Offer period. Shareholders in other jurisdictions (including the United States), or who are, or are acting for the account or benefit of, a person in the United States are not entitled to access the electronic version of this Retail Offer Booklet. Eligible Retail Shareholders who access the electronic version of this Retail Offer Booklet on the Company's website should ensure they download and read the entire Retail Offer Booklet. The electronic version of the Retail Offer Booklet on the Company's website will not include a personalised Entitlement and Acceptance Form.

Statements of past performance

Past performance and pro forma financial information included in this Retail Offer Booklet is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Investors should note that past performance, including past Share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including future Share price performance. The historical information included in this Retail Offer Booklet is, or is based on, information that has previously been released to the market.

Investors should also be aware that certain financial data included in this Retail Offer Booklet may be '*non-IFRS financial information*' under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios (if any) included in this Retail Offer Booklet.

Financial information

Page 10 of the Investor Presentation sets out the financial information referred to in the Retail Offer Booklet. All dollar values are in Australian dollars unless noted otherwise (\$ or A\$), rounded to the nearest \$0.1 million and financial data is presented as at or for the year ended 31 December 2018 unless stated otherwise. Any discrepancies between totals and sums of components in tables contained in this Retail Offer Booklet are due to rounding.

Forward looking statements

This Retail Offer Booklet contains forward looking statements which are identified by words such as '*may*', '*could*', '*believes*', '*estimates*', '*expects*', '*intends*' and other similar words that involve risks and uncertainties. Any forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in



these statements. Accordingly, such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Retail Offer Booklet will actually occur and prospective investors are cautioned against placing undue reliance on these forward-looking statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in the Investor Presentation in Section 3, as well as the other information in this Retail Offer Booklet.

The Company has no intention to update or revise forward looking statements, regardless of whether new information, future events or any other factors affect the information contained in this Retail Offer Booklet, except where required by law.

No cooling-off period

No cooling off rights apply to applications submitted under the Retail Entitlement Offer.

No entitlements trading

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange nor can they be privately transferred.

Photographs and diagrams

Photographs and diagrams used in this Retail Offer Booklet (including in the Investor Presentation) that do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown in them endorses this Retail Offer Booklet or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Retail Offer Booklet (including in the Investor Presentation) are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Retail Offer Booklet.

Company website

Any references to documents included on the Company's website at www.brainchipinc.com are for convenience only, and none of the documents or other information available on the Company's website are incorporated herein by reference.

Defined terms and time

Capitalised terms and abbreviations used in this Retail Offer Booklet have the meanings given to them in the Glossary. Unless otherwise stated or implied, references to times in this Retail Offer Booklet are to Sydney, Australia time.

Disclaimer

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Retail Offer Booklet.

As set out in Section 1, it is expected that the New Shares will be quoted on ASX. The Company, the Lead Manager and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade New Shares before receiving their holding statements.

Selling restrictions

This Retail Offer Booklet does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares, or the Entitlement Offer, or to otherwise permit an offering of New Shares, in any jurisdiction outside Australia and New Zealand. The distribution of this Retail Offer Booklet outside Australia and New Zealand may be restricted by law and persons who come into possession of this Retail Offer Booklet outside Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The Entitlement Offer is being extended to Eligible Shareholders in New Zealand in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

In particular, the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States unless the New Shares are registered under the US Securities Act, or offered or sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Privacy

By filling out the personalised Entitlement and Acceptance Form to apply for New Shares (and Additional New Shares, if applicable), you are providing personal information to the Company through the Company's securities registry, Computershare Investor Services Pty Limited which is contracted by the Company to manage applications. The Company, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the personalised Entitlement and Acceptance Form, the Company and the Share Registry may not be able to process or accept your application.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;



- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Company's issued securities and for associated actions.

The information contained in the Company's register of members must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend

payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its members) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the corporate directory set out on the last page of this Retail Offer Booklet.

Key Entitlement Offer Dates

Event	Date
Announcement of Entitlement Offer	26 June 2019
Institutional Entitlement Offer opened and closed	26 June 2019
Shares recommence trading ex-entitlement on ASX	27 June 2019
Record Date for the Retail Entitlement Offer	28 June 2019
Retail Entitlement Offer opens	3 July 2019
Despatch of personalised Entitlement and Acceptance Forms and this Retail Offer Booklet to Eligible Retail Shareholders	3 July 2019
Institutional Entitlement Offer settlement date	5 July 2019
Issue of New Shares under Institutional Entitlement Offer	8 July 2019
Quotation of New Shares under Institutional Entitlement Offer	9 July 2019
Retail Entitlement Offer closes	12 July 2019
Issue of New Shares under the Retail Entitlement Offer	19 July 2019
Quotation of New Shares under the Retail Entitlement Offer	22 July 2019
Dispatch of holding statements for New Shares	23 July 2019

Dates and times in this Retail Offer Booklet are indicative only and subject to change. All times and dates refer to Sydney time. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late Applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible. The commencement of quotation of New Shares is subject to confirmation from ASX.

Enquiries

Before making a decision about investing in the Retail Entitlement Offer, you should seek advice from your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets your objectives, financial situation and needs. If you have any questions on how to:

1. complete your personalised entitlement and acceptance form; or
2. take up the New Shares offered to you under the Entitlement Offer, either in full or in part; or
3. take up your full Entitlement and apply for Additional New Shares,

please call the Share Registry between 8.30am and 5.30pm (Sydney time) Monday to Friday during the period from and including the date on which the Retail Entitlement Offer opens until and including the date on which it closes:

Within Australia: 1300 850 505

Outside Australia: +61 3 9415 4000

If you have misplaced your Entitlement and Acceptance Form and would like a replacement form, please call the applicable number above. Alternatively, if you have the Securityholder Reference Number or Holder Identification Number for your holding(s), you can download a replacement form from the Share Registry's secure website at www.investorcentre.com/au.

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Chair's letter

28 June 2019

Dear Shareholder,

On behalf of the Company, I invite you to participate in a 1 for 4 accelerated non-renounceable entitlement offer of New Shares in the Company at an Offer Price of \$0.06 per New Share. The Offer Price represents a discount of approximately 36.2% to the last closing price prior to the announcement of the Entitlement Offer.

The Entitlement Offer comprises:

- an institutional component (**Institutional Entitlement Offer**); and
- a retail component (**Retail Entitlement Offer**).

The Institutional Entitlement Offer was completed on 26 June 2019 and raised gross proceeds of approximately \$6.7 million.

The Company has chosen to implement this capital raising as an entitlement offer so that all Shareholders may participate at the same pricing as the Institutional Investors taking up shares.

The proceeds of the Entitlement Offer, expected to be up to approximately \$8 million after costs (assuming not all retail shareholders take up their entitlement (the maximum potential raising is approximately \$16 million)), will be used to fund the ongoing product development of Akida and its manufacture with Socionext and the subsequent introduction of the Akida™ Neuromorphic System-on-Chip. Funds will also be used for working capital including inventory and to generally facilitate production and general availability of the Akida product in 2020.

This Retail Offer Booklet relates to the Retail Entitlement Offer and the New Shares to be issued under it. The Offer Price of \$0.06 per New Share under the Retail Entitlement Offer is the same issue price paid by institutional investors under the Institutional Entitlement Offer. New Shares issued under either component of the Entitlement Offer will rank equally with existing Shares.

The Company reserves the discretion to place any remaining shortfall under the Entitlement Offer within two months of the completion of the Offer.

Background and reasons for the Entitlement Offer

The Company has recently updated the market on a number of key business developments, including:

- Introduction of Akida Network Converter
- the availability of Akida Intellectual Property for Licensing
- Socionext Selected as Akida Development and Manufacturing Partner
- Provisional Patent Filing on Akida Inventions
- Introduction of the Akida Development Environment
- Introduction of the Akida Architecture
- FPGA Implementation of Akida Neural Fabric and CPU Complex
- Cybersecurity License for Native Spiking Neural Network (SNN)



In particular, the Company recently announced that it had entered into a definitive agreement with Socionext to develop and produce the Company's Akida NSoC. The Company also announced at that time that it had secured 'bridge' funding under a Convertible Note to ensure it could meet its initial obligations under the Socionext definitive agreement.

The Company is now seeking funding to ensure the longer-term development - and commencement of commercialisation - of the Akida Neuromorphic System-on-Chip developed under that agreement.

Details of your Entitlement

Eligible Shareholders are entitled to subscribe for 1 New Share for every 4 existing Shares held at 5.00pm (Sydney time) on Friday, 28 June 2019.

Eligible Retail Shareholders may also apply for Additional New Shares at the Offer Price in excess of their Entitlement.

Additional New Shares will only be allocated to Eligible Retail Shareholders if available and if and to the extent that the Company so determines, in its absolute discretion. The Company may elect to scale-back Applications for Additional New Shares in its absolute discretion.

Further information

Further information on the Retail Entitlement Offer is detailed in this Retail Offer Booklet and the Investor Presentation included in Section 3. You should read the entirety of this Retail Offer Booklet carefully before deciding whether to participate in the Entitlement Offer. An investment in the Company and the New Shares, is speculative and subject to a range of risks, which are more fully detailed in Section 3. If any of these risks or other material risks eventuate, it will likely have a material adverse impact on the Company's future financial performance and position.

On behalf of the Directors and management team of the Company, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely

A handwritten signature in black ink, appearing to be "Stephen Wilks", written over a circular stamp.

Stephen Wilks
Chair

1. Details of the Retail Entitlement Offer and how to apply

1.1 The Retail Entitlement Offer

Eligible Retail Shareholders are being offered the opportunity to subscribe for 1 New Share for every 4 existing Shares held at 5.00pm (Sydney time) on 28 June 2019, at the Offer Price of \$0.06 per New Share.

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement under the Shortfall Facility (**Additional New Shares**). The allocation of any Additional New Shares will be limited to the extent that there are sufficient New Shares available from Eligible Retail Shareholders who do not take up their full Entitlement. Additional New Shares will be allocated by the Company, in its absolute discretion. The Company may apply any scale-back to Applications for Additional New Shares in its absolute discretion.

New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and will rank equally with existing Shares on issue.

Please consider the Retail Entitlement Offer in the light of your particular investment objectives and circumstances; and consult with your professional advisers if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer.

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. Refer to the risks set out in the Investor Presentation in Section 3 for further details on the risks associated with an investment in the Company. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment.

1.2 Placement of shortfall

To the extent that all of the New Shares are not taken up by Eligible Shareholders under the Entitlement Offer and Shortfall Facility, the Company reserves the right to place the shortfall with new investors at the Board's absolute discretion within two months after completion of the Entitlement Offer.

1.3 Your Entitlement

Your Entitlement is set out in the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 4 existing Shares you held as at the Record Date. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and will rank equally with existing Shares.

If you decide to take up all or part of your Entitlement, or apply for Additional New Shares, please refer to the personalised Entitlement and Acceptance Form and follow the instructions set out on that Form.

The Company reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders or persons claiming to be Eligible Retail Shareholders if their claims prove to be incorrect or overstated or if they fail to provide information to substantiate their claims.



1.4 Nominees

The Retail Entitlement Offer is only being made to Eligible Retail Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (e.g. for the purposes of determining whether any such persons may participate in the Retail Entitlement Offer).

Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compliant with applicable foreign laws. Any person that is in the United States with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be in the United States.

The Company assumes no obligation to advise you on any foreign laws.

1.5 No Rights Trading

There will be no trading of rights on ASX and you may not dispose of your rights to subscribe for New Shares under the Entitlement Offer to any other party.

1.6 Options available to you

If you are an Eligible Retail Shareholder, you may take any one of the following options:

Option	Action
Take up all of your Entitlement	If you take up and pay for all of your Entitlement in accordance with the instructions below, before the close of the Retail Entitlement Offer, you will be issued your New Shares on 19 July 2019.
Do nothing	If you take no action or your Application is not supported by cleared funds, your entitlement will lapse. If you allow all or part of your Entitlement to lapse, then your percentage holding in the Company will be diluted by your non-participation in the Retail Entitlement Offer. Entitlements will not be able to be traded on ASX or another financial market, or otherwise privately transferred.
Take up part of your Entitlement and allow the balance to lapse	If you elect to take up and pay for part of your Entitlement in accordance with the instructions below, before the close of the Retail Entitlement Offer, you will be issued New Shares with respect to that part of your Entitlement on 19 July 2019. The balance of your Entitlement will lapse.

Take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement

If you take up and pay for all your Entitlement, before the close of the Retail Entitlement Offer, you will be issued your New Shares on 19 July 2019.

If you apply and pay for Additional New Shares in excess of your Entitlement, subject to Additional New Shares being available and the Company's discretion to scale-back your allocation of Additional New Shares, you will also be issued with these Additional New Shares on 19 July 2019. The Company's decision on the number of Additional New Shares to be allocated to you will be final.

Other than to the extent that Additional New Shares are issued to you, any surplus Application Monies received for more than your Entitlement will be refunded after the close of the Retail Entitlement Offer on or around 12 July 2019. Refunds will be made by sending a cheque in the post to the address the Company records on its share register for you on or around the Institutional Allotment Date or the Retail Allotment Date, as applicable. No interest will be paid to Eligible Retail Shareholders on any Application Monies received or refunded (wholly or partially).

1.7 Eligible Retail Shareholders

The Retail Entitlement Offer is only available to Eligible Retail Shareholders, who are those holders of Shares who:

- 1.7.1 are registered as a holder of Shares as at the Record Date;
- 1.7.2 have an address on the Company share register in Australia or New Zealand as at the Record Date;
- 1.7.3 are not in the United States and are not a person in the United States or acting for the account or benefit of US Persons, to that extent;
- 1.7.4 did not receive an offer (other than as nominee) under the Institutional Entitlement Offer and were not treated as an ineligible institutional Shareholder under the Institutional Entitlement Offer; and
- 1.7.5 are eligible under all applicable laws to receive an offer under the Retail Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification.

Retail Shareholders who do not satisfy each of these criteria (other than those who received an offer under the Institutional Entitlement Offer) are Ineligible Retail Shareholders. See Section 1.8 for further details on Ineligible Foreign Shareholders.

The Company may (in its absolute discretion) extend the Retail Entitlement Offer to any Shareholder in other foreign jurisdictions (subject to compliance with applicable laws).

The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder and is therefore able to participate in the Retail Entitlement Offer, or an Ineligible Retail Shareholder and is therefore unable to participate in the Retail Entitlement Offer. The Company disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.



The Retail Entitlement Offer is not being extended to any Shareholders outside Australia and New Zealand. By returning a completed Entitlement and Acceptance Form or making a payment by BPAY, you will be taken to have represented and warranted that you satisfy each of the criteria listed above. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

The Company may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional Shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

1.8 Ineligible Foreign Shareholders

The Company has decided that it is unreasonable to make offers under the Retail Entitlement Offer to investors who are holders of Shares and who have registered addresses outside Australia and New Zealand (Ineligible Foreign Shareholders), having regard to the number of such holders in those places and the number and value of New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places. As a result, these Shareholders will not be able to participate in the Offer.

1.9 How to apply

If you decide to take up all or part of your Entitlement, or take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement, please:

- 1.9.1 pay your Application Monies via BPAY; or
- 1.9.2 complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form.

The Company will treat you as applying for as many New Shares as your payment will pay for in full up to your full Entitlement. Amounts received by the Company in excess of your full Entitlement (**Excess Amount**), will be treated as an application for as many Additional New Shares as your Excess Amount will pay for in full, subject to any scale-back that the Company may determine to implement in its absolute discretion in respect of Additional New Shares.

To participate in the Entitlement Offer, your payment must be received no later than the close of the Entitlement Offer, being 5.00pm (Sydney time) on 12 July 2019. Eligible Shareholders who wish to pay via cheque, bank draft or money order will need to also ensure that their completed personalised Entitlement and Acceptance Form is also received by that time using the reply paid envelope provided with this Retail Offer Booklet or otherwise.

1.10 Payment methods

1.10.1 Payment by BPAY

For payment by BPAY, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique Customer Reference Number (**CRN**)). You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions. Please note that should you choose to pay by BPAY:



- (a) you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Monies.

When completing your BPAY payment, please make sure to use the specific biller code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the CRN specific to the Entitlement on that form. If you inadvertently use the same CRN for more than one of your Entitlements when paying by BPAY, you will be deemed to have taken up your Entitlement and applied for Additional New Shares over and above your Entitlement on that holding to which that CRN applies and your applications in respect of your other CRNs will be deemed to have been rejected and will lapse.

Should you choose to pay by BPAY it is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 5.00pm (Sydney time) on 12 July 2019. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. The Company takes no responsibility for any failure to receive Application Monies or payment by BPAY before the Retail Entitlement Offer closes arising as a result of, among other things, delays in postage or processing of payments by financial institutions.

1.10.2 **Payment by cheque, bank draft or money order**

Should you choose to pay by cheque, bank draft or money order it is your responsibility to ensure that your payment is received by the Share Registry by no later than 5.00pm (Sydney time) on 12 July 2019. Cash payments will not be accepted. Receipts for payment will not be issued.

1.10.3 **Confirmation of your Application and managing your holding**

You may access information on your holding, including your Record Date balance and the issue of New Shares or Additional New Shares from this Entitlement Offer, and manage the standing instructions the Share Registry records on your holding on the share registry website www.investorcentre.com/au. To access the share registry you will need your Security Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on your Issuer Sponsored or CHES statements and you will need to pass the security requirements on the site.

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of Retail the Entitlement Offer, being 5.00pm (Sydney time) on 12 July 2019. If you make payment via cheque, bank draft or money order, you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne Victoria 3001

A reply paid envelope is supplied.



Entitlement and Acceptance Forms and Application Monies will not be accepted at the Company's corporate offices, or other offices of the Share Registry.

1.11 ASX quotation and trading

The Company will apply for quotation of the New Shares on ASX within seven days of the date of this Retail Offer Booklet. While the Company is not aware of any reason why quotation would be denied, there is no assurance that the application will be granted. If quotation is not granted, New Shares under the Retail Entitlement Offer will not be issued and Application Monies will be refunded to applicants without interest.

The fact that ASX may grant quotation of the New Shares is not an indication of the merits of the Company, or the New Shares issued under the Entitlement Offer.

It is expected that the quotation and trading of New Shares issued under the Retail Entitlement Offer will commence on or about 22 July 2019 (on a normal settlement basis).

Confirmation of issue of New Shares is expected to be sent in accordance with ASX Listing Rules. It is the responsibility of each Applicant to confirm their holding before trading in New Shares. Any Applicant who sells New Shares before receiving their confirmation of issue will do so at their own risk. The Company, the Share Registry and the Lead Manager disclaim all liability in tort (including negligence), statute or otherwise, to any person who trades in New Shares before receiving their confirmation of issue, whether on the basis of a confirmation of issue provided by the Company, the Share Registry or the Lead Manager, or otherwise.

1.12 CHESS

The New Shares will participate from the date of commencement of quotation in the Clearing House Electronic Sub-register System (**CHESS**), operated by ASX Settlement Pty Limited. These securities must be held in uncertificated form (i.e. no certificate will be issued) on the CHESS sub-register under sponsorship of a sponsoring participant (usually a broker) or on the issuer-sponsored sub-register. Arrangements can be made at any subsequent time following quotation to convert your holdings from the issuer-sponsored sub-register to the CHESS sub-register under sponsorship of a sponsoring participant or vice versa, by contacting your sponsoring participant.

1.13 No withdrawal or cooling-off rights

You cannot withdraw your Application once it has been accepted. Cooling-off rights do not apply to an investment in New Shares.

The Company reserves the right to withdraw the Retail Entitlement Offer at any time before the issue of New Shares to Eligible Retail Shareholders, in which case the Company will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

1.14 Warranties made on acceptance of the Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY you, and each person on whose account you are acting, will be deemed to:

- 1.14.1 acknowledge that you have fully read and understood both this Retail Offer Booklet and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Retail Offer Booklet and the Entitlement and Acceptance Form;



- 1.14.2 agree to be bound by the terms of the Entitlement Offer, the provisions of this Retail Offer Booklet and the Constitution;
- 1.14.3 authorise the Company to register you as the holder(s) of New Shares issued to you;
- 1.14.4 declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- 1.14.5 declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- 1.14.6 acknowledge that once the Company receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY, you may not withdraw your Application or funds provided except as allowed by law;
- 1.14.7 agree to apply for and be issued with up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY, including, in each case, any Additional New Shares, at the Offer Price per share;
- 1.14.8 authorise the Company, the Lead Manager, the Share Registry and any of their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- 1.14.9 declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- 1.14.10 acknowledge that the information contained in this Retail Offer Booklet and your Entitlement and Acceptance Form is not investment advice or financial product advice nor have they been prepared taking into account your investment objectives, financial circumstances or particular needs or circumstances.
- 1.14.11 acknowledge that this Retail Offer Booklet and your Entitlement and Acceptance Form is not a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- 1.14.12 acknowledge that you have read and understood risks set out in the Investor Presentation in Section 3 and that investments in the Company are subject to a high degree of risk;
- 1.14.13 acknowledge that none of the Company, the Lead Manager, or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of the Company, nor do they guarantee the repayment of capital;
- 1.14.14 agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- 1.14.15 authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- 1.14.16 represent and warrant (for the benefit of the Company, the Lead Manager and their respective related bodies corporate and affiliates) that you did not receive an



invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, and that you are not an Eligible Institutional Shareholder under the Institutional Entitlement Offer;

- 1.14.17 represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Shares (or Additional New Shares); and
- 1.14.18 represent and warrant that your acceptance of the Entitlement Offer does not breach any laws in a jurisdiction outside Australia or New Zealand.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are an Eligible Retail Shareholder (as defined in the '*Additional information*' section) or otherwise eligible to participate in the Entitlement Offer and:

- 1.14.19 you and each person on whose account you are acting are not in the United States and are not otherwise a person to whom it would be illegal to make an offer of or issue of Entitlements or New Shares under the Entitlement Offer and under any applicable laws and regulations;
- 1.14.20 the Entitlements and New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia, and New Zealand, and, accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- 1.14.21 you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer to any person in the United States;
- 1.14.22 if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in regular way transactions on ASX where neither you nor any person acting on your behalf know, or have reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and
- 1.14.23 if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

2. Purpose and Effect of the Entitlement Offer

2.1 Use of proceeds

The Company is seeking to raise up to \$16.2 million under the Entitlement Offer (with approximately \$6.7 million of that amount being raised under the Institutional Entitlement Offer) before fees and costs of the Entitlement Offer.

The gross proceeds of the Entitlement Offer will be used to fund the ongoing product development of Akida and its manufacture with Socionext and the subsequent introduction of the Akida™ Neuromorphic System-on-Chip. Funds will also be used for working capital including inventory and to generally facilitate production and general availability of the Akida product in 2020.

2.2 Capital structure

A table setting out the effect of the Entitlement Offer on the capital structure of the Company is set out below:

	As at the Record Date	On completion of the Entitlement Offer ¹	On completion of the Entitlement Offer (fully diluted)
Ordinary shares	1,081,444,798	1,193,651,079	1,426,470,055
Options	222,318,976	222,318,976	0
Performance Rights	5,850,000	5,850,000	0
Convertible Securities	2,850,000	2,850,000	2,850,000 ²

Note 1: Based on the \$6.7 million Institutional Entitlement Offer only, as no proceeds of the retail offer can be predicted with certainty. The maximum shares issued from the Retail Entitlement Offer is approximately 158.2 million.

Note 2: Assuming no conversion of the Convertible Notes (the theoretical maximum conversion is 102 million shares, the actual conversion (if any) will depend on the applicable VWAP formula at the time of each conversion).

2.3 Effect on control

Eligible Retail Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted.

If all Entitlements are accepted by Eligible Shareholders to the full extent, then the Entitlement Offer will not result in any material change to the control of the Company.

The Entitlement Offer is not expected to have a material impact on the control of the Company. Specifically, the Company does not expect any Shareholder to hold more than 20% after completion of the Entitlement Offer.

2.4 Reporting and disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. These obligations require ASX to be notified periodically and on a continuous



basis of information about specific events and matters as they arise for the purpose of ASX making the information available to the financial market operated by it.

In particular, the Company has an obligation under ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Company, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of the Company's securities. The Company is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report, and an audit or review report.

2.5 Rights and liabilities attaching to Shares

Immediately after issue and allotment, the New Shares will be fully paid Shares and will rank *pari passu* with the Shares currently on issue.

Detailed provisions relating to the rights attaching to the New Shares are set out in the Company's Constitution and the Corporations Act. A copy of the Company's Constitution can be inspected during office hours at the registered office of the Company and Shareholders have the right to obtain a copy of the Company's Constitution, free of charge.

The rights attaching to Shares may be varied with the approval of Shareholders, by special resolution at a general meeting.

3. ASX Announcement and Investor Presentation

BrainChip announces Accelerated Non-renounceable Entitlement Offer

- Accelerated Non-Renounceable Entitlement Offer
 - Building on Socionext agreement to manufacture Akida NSoC (previously announced, together with funding for that development)
 - Open to all Australian and New Zealand shareholders
 - Further supports the development and commercialisation of the Akida NSoC
 - Institutional Investors to participate in accelerated entitlement offer
 - Retail shareholders offered the same terms as Institutional Investors
 - Entitlement of 1 new share for every 4 shares already held, at 6c/share
 - 36% Discount to closing price on 24 June 2019
 - 22% Discount to 15-Day Volume Weighted Average Price
 - Record Date of 28 June 2019
-

Sydney, Australia – 26 June 2019: BrainChip Holdings Ltd (ASX: BRN), the leading AI Edge company, today announced an Accelerated Non-renounceable Entitlement Offering.

The Company is delighted to advise that it has received early interest for take-up within the accelerated portion of the Entitlement Offer from Institutional Investors. Results of the book build for that offer will be released to the market on completion.

The Entitlement Offer builds on the Company’s recent announcement that it had signed a definitive agreement with Socionext America for product development and manufacturing of its Akida Neuromorphic System-on-Chip (NSoC). That earlier announcement also confirmed that the Company had secured a convertible note for the sum of US\$2.565 million, to provide the necessary capital for the initial development of the Akida device.

The Entitlement Offer allows all of the Company’s Australian and New Zealand shareholders to participate in the growth of the Company and apply for new shares on the same terms as Institutional Investors.

The Company will provide further details of the Offer in a Retail Offer Booklet, to be released to the ASX in coming days, and posted to all shareholders with their personalised application form.

Shareholders should consider the information in the Retail Offer Booklet, and consult with their professional advisers, before making any decision to act on the Offer.



The Focus of the Company's development activities - Akida

Akida is a complete edge network AI SoC, which includes on-chip training, inference and continuous unsupervised learning. As the first complete neuromorphic neural network SoC to address AI Edge applications, the device supports a large and high-growth market with both traditional Convolutional Neural Networks or event-based Spiking Neural Networks.



The Company has executed a definitive agreement with Socionext America, Inc. to develop and manufacture the Akida device. Socionext Inc. (SNI), headquartered in Shin-Yokohama, Japan, is the combination of the former Fujitsu and Panasonic System-on-Chip (SoC) businesses.

According to IHS, Socionext is the world's second largest ASIC design and development house. SNA, the American division of SNI, is headquartered in Santa Clara, California.

This joint program pairs Socionext's wide variety of engineering disciplines and decades of ASIC design experience with BrainChip's proven AI engineering teams in Aliso Viejo, California and Toulouse, France.

Key details of the Entitlement Offer

The Entitlement Offer is a 1:4 accelerated non-renounceable entitlement offer of New Shares in the Company to eligible shareholders at an offer price of \$0.06 per New Share¹. The offer price represents a discount of approximately 36% to the last closing price and 22% to the 15-day VWAP prior to the announcement of the Entitlement Offer.

Under the Entitlement Offer, eligible shareholder are entitled to subscribe for one New Shares for every four existing Shares held at 5.00pm (Sydney time) on Friday, 28 June 2019. New Shares issued under the Entitlement Offer will rank equally with existing shares in the Company.

The Entitlement Offer comprises an institutional component and a retail component.

The proceeds of the Entitlement Offer will be used to fund the ongoing product development of Akida and its manufacture with Socionext and the subsequent introduction of the Akida™ Neuromorphic System-on-Chip. Funds will also be used for working capital including inventory and to facilitate production and general availability of the Akida product in 2020.

The Entitlement Offer is lead managed by Shaw and Partners and is not underwritten.

¹ The total potential that can be raised under the entitlement offer is approximately \$15 million (or 260m shares issued), assuming a theoretical 100% takeup, which the Company does not anticipate will be the case.



Indicative timetable for the Entitlement Offer

Announcement of Entitlement Offer	26 June 2019
Institutional Entitlement Offer opens	26 June 2019
Institutional Entitlement Offer closes	26 June 2019
Institutional Entitlement Offer bookbuild	27 June 2019
Shares recommence trading ex-entitlement on ASX	27 June 2019
Record Date for the Retail Entitlement Offer	28 June 2019
Retail Entitlement Offer opens	3 July 2019
Despatch of personalised Entitlement and Acceptance Forms and this Retail Offer Booklet to Eligible Retail Shareholders	3 July 2019
Institutional Entitlement Offer settlement date	5 July 2019
Issue of New Shares under Institutional Entitlement Offer	8 July 2019
Quotation of New Shares under Institutional Entitlement Offer	9 July 2019
Retail Entitlement Offer closes	12 July 2019
Retail Entitlement Offer bookbuild	17 July 2019
Issue of New Shares under the Retail Entitlement Offer	19 July 2019
Quotation of New Shares under the Retail Entitlement Offer	22 July 2019
Dispatch of holding statements for New Shares	23 July 2019

Dates and times in the above timetable are indicative only and subject to change. All times and dates refer to Sydney time. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late Applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice.

About BrainChip Holdings Ltd (ASX: BRN)

BrainChip Holdings Ltd is a leading provider of low power, high performance edge AI technology using neuromorphic circuits, a type of artificial intelligence that is inspired by the biology of the human neuron. The Company's revolutionary and proprietary new event-based spiking neural network technology can learn autonomously or execute a pre-trained DNN entirely within the boundaries of the chip. The proprietary technology is fast, completely digital and consumes very low power. The Company provides hardware focused solutions that address high-performance requirements in sensory processing, gaming, financial technology, cybersecurity, ADAS, autonomous vehicles, and other advanced vision systems. www.brainchipinc.com

Company Contact:

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swilks@brainchipinc.com

INVESTOR PRESENTATION



26 June 2019

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The following notice and disclaimer applies to this investor presentation ("Presentation") and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this Presentation you represent and warrant that you are entitled to receive the Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

This Presentation has been prepared by BrainChip Holdings Limited ("BrainChip", BRN) and is private and confidential. This Presentation has been prepared in relation to an accelerated, non-renounceable entitlement offer of new ordinary fully paid shares in BrainChip ("New Shares") comprising an accelerated institutional entitlement offer ("Institutional Entitlement Offer") and a retail entitlement offer ("Retail Entitlement Offer") (together, the "Entitlement Offer") to be made under section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73).

Summary information

This Presentation contains summary information about BrainChip and its activities which is current only at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in BrainChip or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

BrainChip's historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange ("ASX"). This Presentation should be read in conjunction with BrainChip's other periodic and continuous disclosure information lodged with the ASX, which are available at www.asx.com.au. No representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither BrainChip nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

Not an offer

This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission ("ASIC")) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. The retail offer booklet for the Retail Entitlement Offer ("Retail Offer Booklet") will be available following its lodgement with ASX. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the Retail Offer Booklet in deciding whether to apply under the Retail Entitlement Offer.

The release, publication or distribution of this Presentation (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Presentation, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws. Refer to the 'Offer jurisdictions' section of this Presentation for more information.

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Not investment advice

This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation by BrainChip or its advisers to acquire entitlements or New Shares. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of BrainChip and the impact that different future outcomes may have on BrainChip.

This Presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. BrainChip is not licensed to provide financial product advice in respect of BrainChip shares.

This Presentation and its contents are provided on the basis that recipients will not deal in the securities or the financial products of BrainChip in breach of applicable insider trading laws.

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SUMMARY

Material contract

- Socionext Inc. (SNI), headquartered in Shin-Yokohama, Japan, is the combination of the former Fujitsu and Panasonic System-on-Chip businesses
- Socionext is the world's second largest Application Specific Integrated Circuit (ASIC) design and development house
- BrainChip and Socionext have entered into a definitive agreement under which Socionext will work with Brainchip on the design and manufacture of the Akida ASIC

Business update

- Definitive Agreement with Socionext for Akida Development and Manufacturing
- Introduction of Akida Network Converter (CNN-to-SNN)
- Introduction of the Availability of Akida Intellectual Property for Licensing
- Provisional Patent Filing on Akida Inventions
- Introduction of the Akida Development Environment
- Introduction of the Akida Architecture

Funding and equity raising

- BrainChip has announced a 1 for 4 pro-rata accelerated non-renounceable entitlement offer ("**Entitlement Offer**") at an offer price ("**Offer Price**") of \$0.06 per new BrainChip share ("**New Share**"). Entitlement Offer will be comprised of:
 - an accelerated Institutional Entitlement Offer to raise up to \$6.7M; and
 - a Retail Entitlement Offer, which has the capacity to raise up to \$9.5M⁽¹⁾
- In support of signing the definitive agreement with Socionext, the Company has issued a Convertible Note raising proceeds of US\$2.565 million
- Proceeds from the Entitlement Offer and Convertible Note will be used to provide capital for the continued development and commercialisation of the Akida™ Chip, working capital and transaction costs⁽²⁾.

(1) The Retail Entitlement Offer of \$9.5m raise assumes full take up of entitlement by eligible retail shareholders

(2) Refer to page 10 for the use of funds

SOCIONEXT AGREEMENT

- Socionext Inc. (SNI), headquartered in Shin-Yokohama, Japan, is the combination of the former Fujitsu and Panasonic System-on-Chip (SoC) businesses. According to IHS, Socionext is the world's second largest Application Specific Integrated Circuit (ASIC) design and development house. SNA, the American division of SNI, is headquartered in Santa Clara, California.
- "We are excited to join BrainChip in the design, development and introduction of Akida," said Noriaki Kubo, Corporate Executive Vice President of Socionext. "Bringing artificial intelligence to edge applications is a major industry development and a strategic application segment for Socionext. Socionext provides suppliers such as BrainChip with a large engineering solutions platform, ranging from integrated circuit design through final test and assembly, to bring high quality products to market efficiently."



SOCIONEXT AGREEMENT



- Socionext will provide turn-key ASIC services to BrainChip for the Akida product, including intellectual property (IP) blocks for the external interfaces, the CPU Complex for internal control and data pre-processing, place and route of the integrated circuit, IP verification, final logic design, as well as managing wafer fabrication, assembly and test operations.
- Wafers will be provided by Taiwan Semiconductor Manufacturing Corporation (TSMC), a world leader in semiconductor technology and wafer fabrication on a low-cost 28nm CMOS logic process.

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BUSINESS UPDATE



- Definitive Agreement with Socionext for Akida Development and Manufacturing
- Introduction of Akida Network Converter (CNN-to-SNN)
- Introduction of the Availability of Akida Intellectual Property for Licensing
- Provisional Patent Filing on Akida Inventions
- Introduction of the Akida Development Environment
- Introduction of the Akida Architecture

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OUTLOOK



- The signing of a definitive agreement with Socionext is a significant and important milestone for BrainChip
- The company's near-term focus continues to be the development and commercialization of the Akida platform, including both licensing of the IP and the release of the Akida SoC
- BrainChip Studio Software Sales and Marketing now exclusively focused on Original Equipment Manufacturers

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DETAILS OF THE ENTITLEMENT OFFER

Offer size and structure	<ul style="list-style-type: none"> ▪ 1 for 4 pro-rata Accelerated Non-renounceable Entitlement Offer. Offer will comprise: <ul style="list-style-type: none"> • an Accelerated Institutional Entitlement Offer to raise up to \$6.7M; and • a Retail Entitlement Offer which has the capacity to raise up to \$9.5M⁽¹⁾ ▪ Up to 270.4 million New Shares to be issued under the Entitlement Offer
Offer price	<ul style="list-style-type: none"> ▪ Entitlement Offer will be conducted at 6.0 cents per New Share (Offer Price) <ul style="list-style-type: none"> – 36.2% discount to the last traded price of 9.4 cents on Monday, 24 June – 31.2% discount to TERP⁽²⁾ of 8.72 cents
Institutional investors	<ul style="list-style-type: none"> ▪ The Institutional Entitlement Offer will be conducted on Wednesday, 26 June. Institutional shortfall shares will be sold via an institutional book build to be conducted on Wednesday, 26 June⁽³⁾
Retail investors	<ul style="list-style-type: none"> ▪ The Retail Entitlement Offer will open on Wednesday, 3 July and close on Friday, 12 July⁽³⁾
Ranking	<ul style="list-style-type: none"> ▪ New Shares issued will rank equally with existing fully paid ordinary shares from their time of issue
Record Date	<ul style="list-style-type: none"> ▪ Offer is open to eligible BrainChip shareholders on the register as at 5:00pm (AEST) Friday, 28 June⁽³⁾
Lead Manager	<ul style="list-style-type: none"> ▪ Shaw and Partners Limited is acting as Lead Manager to the Entitlement Offer

(1) Assuming full take up of entitlements by eligible retail shareholders.
 (2) The theoretical ex-rights price is the theoretical price at which BrainChip shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which BRN shares trade immediately after the ex-date for the Entitlement Offer may vary from TERP. TERP is calculated by reference to BRN's closing price of 9.4 cents per share on Monday 24 June 2019, being the last trading day prior to the announcement of the Entitlement Offer.
 (3) Dates and times are indicative only and are subject to change.

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FUNDING TERMS

Funding terms

Consideration	<ul style="list-style-type: none"> ▪ Anticipated funding of approximately \$10.3 million by way of: <ul style="list-style-type: none"> – Accelerated Institutional portion of 1 for 4 Entitlement Offer – Convertible Note issue (details below) ▪ The Convertible Note was entered into in order to support the signing of the definitive agreement with Socionext
Convertible Note Counterparty	<ul style="list-style-type: none"> ▪ CST Capital Pty Ltd as trustee of the CST Investments Fund is an associate of L1 Capital, an independent global investment manager ▪ L1 Capital participated in the Accelerated Institutional portion of Entitlement Offer
Convertible Note Terms	<ul style="list-style-type: none"> ▪ US\$2.85 million face value Convertible Notes: <ul style="list-style-type: none"> – 10% effective interest rate (paid up-front) – 12-Month maturity with 3 x 6 month extensions at Company's election with 3% extension fee ▪ Includes issue of: <ul style="list-style-type: none"> – Drawdown fee of US\$85,500 payable taken as issue of 1.6m shares at 7.9 cents per share – Unsecured notes with 30.0m collateral BRN shares issued – 21.9m options issued with strike price of 11.7c per share being a 35% premium to specified 5-day VWAP ▪ Conversion to shares at the lesser of 7.9c per share and an 8% discount to 5-day VWAP <ul style="list-style-type: none"> – Maximum conversion is BRN's remaining placement capacity under ASX Listing Rule 7.1 ▪ Voluntary prepayment available with 20 business days notice ▪ Mandatory prepayment in the event of new equity or debt raise

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SOURCES AND USES & CAPITAL STRUCTURE

Sources and uses of funding

Sources	A\$M
Accelerated Entitlement Offer	6.7M
Retail Entitlement Offer	nil ⁽¹⁾
Convertible Note	3.6M ⁽²⁾
Total sources	10.3M

Notes

- (1) Assumes nil retail participation in the Entitlement Offer, on the basis that no proceeds can be predicted with certainty. The maximum proceeds from the Retail Entitlement Offer is approximately \$9.5m, which will be applied to funding the continued development and commercialisation of the Akida™ chip and general working capital.
- (2) Assumes AUDUSD FX rate of 0.70 applied on US\$2.6m cash received on 90% subscribed Convertible Note of US\$2.85m. Convertible Note Holders may, at their election, call for US\$1.25m of the capital raised (but this is not anticipated by the Company).

Uses	A\$M
Anticipated Near Term Development for Akida	6.0M
Working Capital including Inventory	3.5M
Transaction Costs	0.8M
Total uses	10.3M

Pro forma capital structure

	Current	Convertible Note	Employee Options	Entitlement Offer	Pro-forma ⁽⁸⁾
Shares	1,049,883,519	31,561,279 ⁽²⁾	-	112,206,281 ⁽⁷⁾	1,193,651,079
Options	200,450,000	21,868,976 ⁽³⁾	4,650,000 ⁽⁵⁾	nil	226,968,976
Convertible Securities	nil	2,850,000 ⁽⁴⁾	-	nil	2,850,000
PSRs ⁽¹⁾	3,850,000	-	2,000,000 ⁽⁶⁾	-	5,850,000

Notes

- (1) Performance Share Rights ('PSRs')
- (2) Includes the issue of 30m collateral shares and drawdown fee of US\$85,500 taken as issue of 1.6m shares at 7.9 cents per share.
- (3) Approximately 21.9m options issued with strike price of 11.7c per share being a 35% premium to specified 5-day VWAP.
- (4) Convertible Securities may convert to shares at the lesser of 7.9c per share (implying 36.1m additional shares issued) and an 8% discount to 5-day VWAP up to a cap of 102m shares (which the Company does not anticipate occurring).
- (5) Employee incentive options issued with a 5.4c strike price with a 4 year vesting period
- (6) RSUs issued with a 2 year vesting period and subject to vesting conditions
- (7) Assumes nil retail participation in the Entitlement Offer, on the basis that no proceeds can be predicted with certainty. The maximum shares issued from the Retail Entitlement Offer is approximately 158.2m.
- (8) Pro-forma is at completion but on an undiluted basis.

Cash balance

Last reported (Appendix 4C) cash balance of US\$5.1 million as at 31 March 2019

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ENTITLEMENT OFFER TIMETABLE

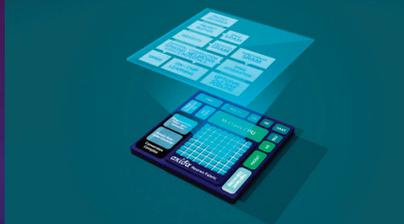
Event	Date ⁽¹⁾
Trading halt	Tuesday, 25 June 2019
Announce Material Contract, Capital Raise, Institutional Entitlement Offer opens	Wednesday, 26 June 2019
Institutional Offer Closes (including Institutional Offer shortfall allocation)	Wednesday, 26 June 2019
Trading halt lifted, trading resumes on ex-entitlement basis	Thursday, 27 June 2019
Record date to identify security holders entitled to participate in the Entitlement Offer (5pm Sydney time)	Friday, 28 June 2019
Retail Entitlement Offer opens. Despatch of Retail Entitlement Offer Booklet and personalised entitlement forms	Wednesday, 3 July 2019
Settlement of Institutional Entitlement Offer	Friday, 5 July 2019
Issue of Shares under Institutional Entitlement Offer	Monday, 8 July 2019
Retail Entitlement Offer closes (5pm Sydney time)	Friday, 12 July 2019
Announcement of results of Retail Entitlement Offer	Tuesday, 16 July 2019
Settlement of Retail Entitlement Offer	Thursday, 18 July 2019
Issue of New Shares under Retail Entitlement Offer	Friday, 19 July 2019
New Shares issued under the Retail Entitlement Offer commence trading on ASX	Monday, 22 July 2019
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Tuesday, 23 July 2019

(1) The above timetable is indicative only and subject to change without notice. The commencement of quotation of New Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, BRN, with the consent of the Lead Manager, reserves the right to amend this timetable at any time, including extending the Retail Entitlement Offer Period or accepting late applications, either generally or in particular cases, without notice.

Akida™ is Artificial Intelligence



Akida™ is the AI Edge Network



Complete AI Network for Edge Applications
On-Chip Training and Inference
Continuous Learning
Low-Power
Low-Latency
High-Accuracy

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BRAINCHIP OVERVIEW



- BrainChip is the leading Artificial Intelligence (AI) Edge Company.
- “AI at the Edge” is a high-volume, high-growth market.
- Intelligence is provided and analytics are performed at the point of acquiring data rather than data being transferred to a central processing core in a data center or in the cloud for analysis and action.
- 3P Mission; People, Planet and Profit.



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AI EDGE APPLICATIONS



- Low Power, Low Latency and High Accuracy are critical attributes for AI “Edge” applications in:
 - Surveillance
 - Advanced Driver Assistance Systems (ADAS)
 - Vision Guided Robotics
 - Drones
 - Industrial Internet-of-Things (IoT)
 - Acoustic Analysis
 - Cybersecurity



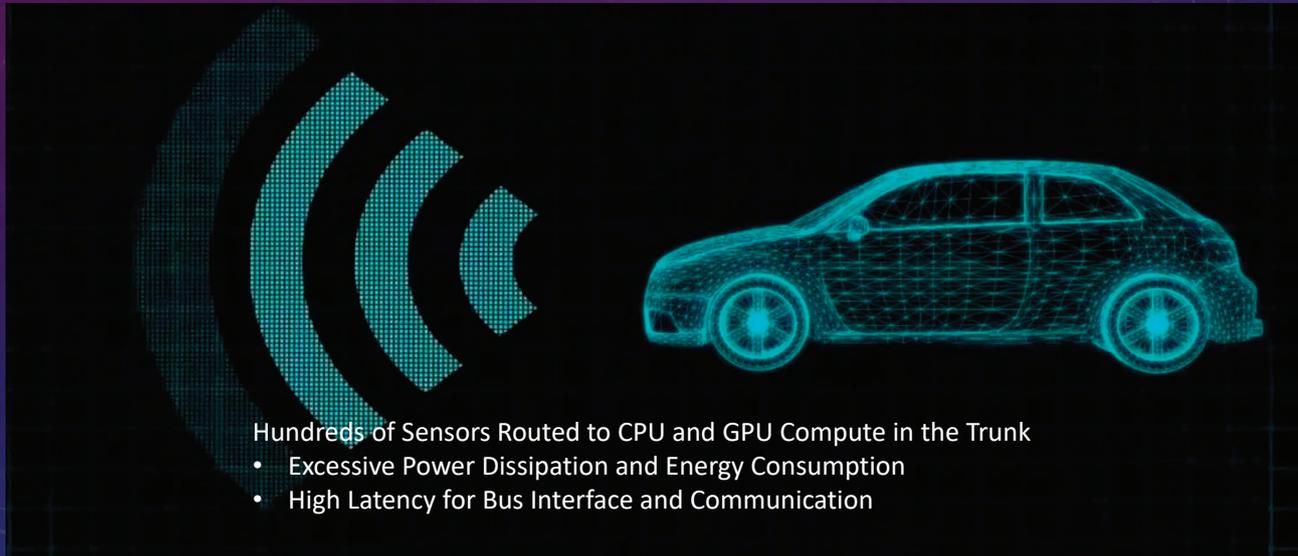
AKIDA IS THE EDGE NETWORK



30 Billion Internet of Things Devices*

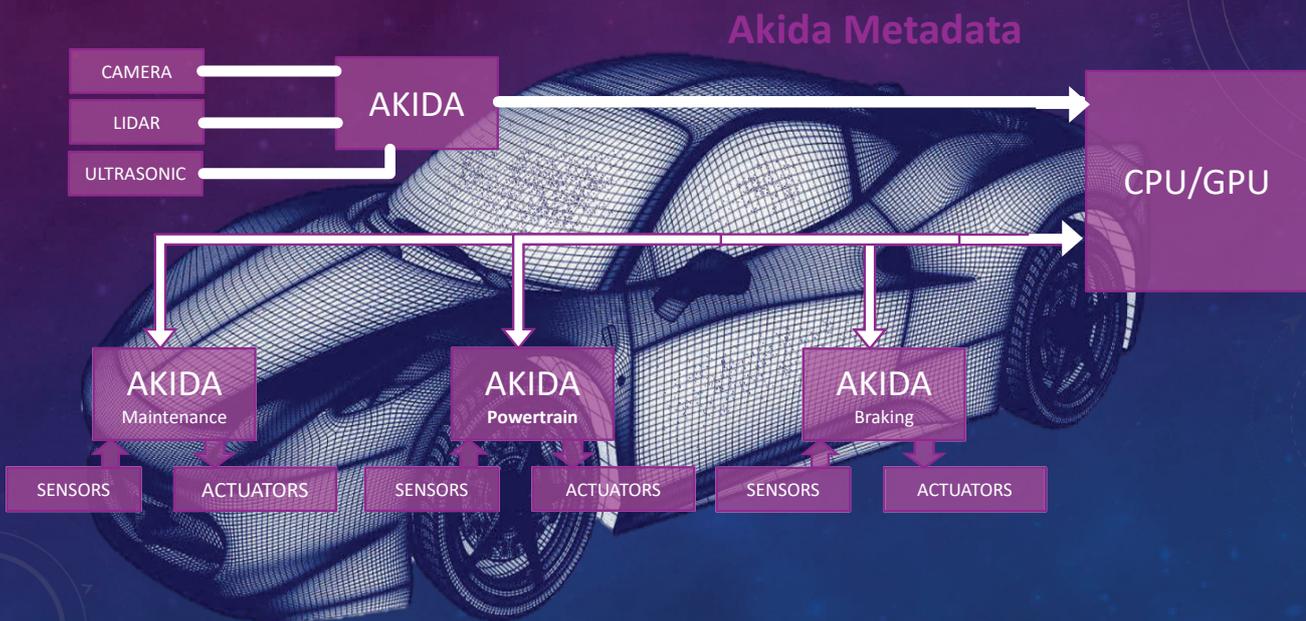
*Gartner IoT Forecast

ADVANCED DRIVER ASSISTANCE SYSTEMS (ADAS)



- Hundreds of Sensors Routed to CPU and GPU Compute in the Trunk
- Excessive Power Dissipation and Energy Consumption
 - High Latency for Bus Interface and Communication

AKIDA OPPORTUNITY IN ADAS



AKIDA INDUSTRIAL INTERNET OF THINGS



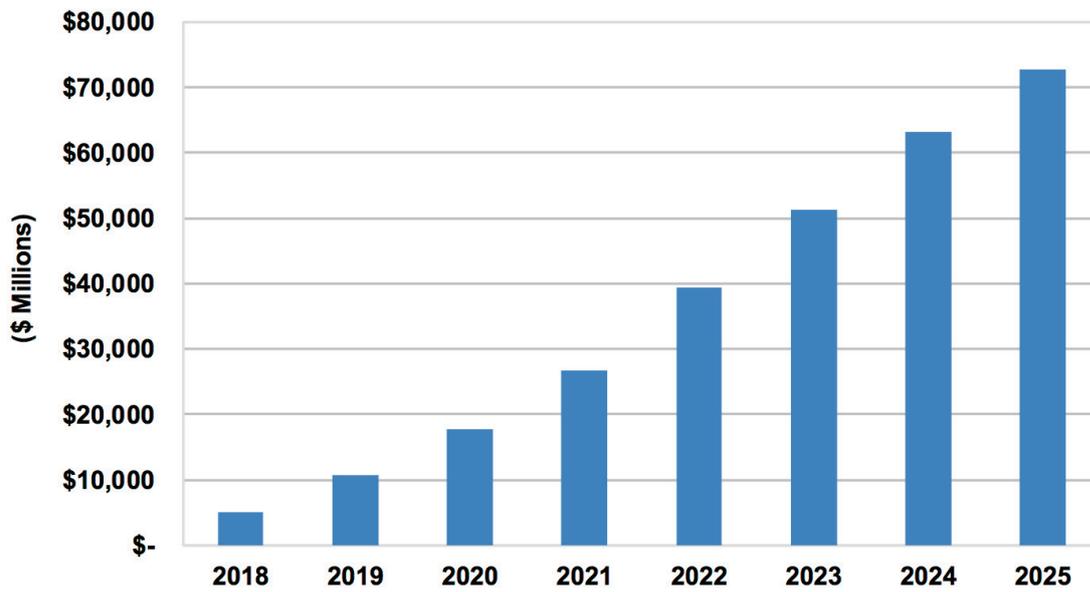
- Hundreds of Sensors Routed to the Cloud
- Remote Processing for Predictive Maintenance
 - Increased Latency for Communication

AKIDA AT THE EDGE VERSUS CLOUD AND DATACENTER



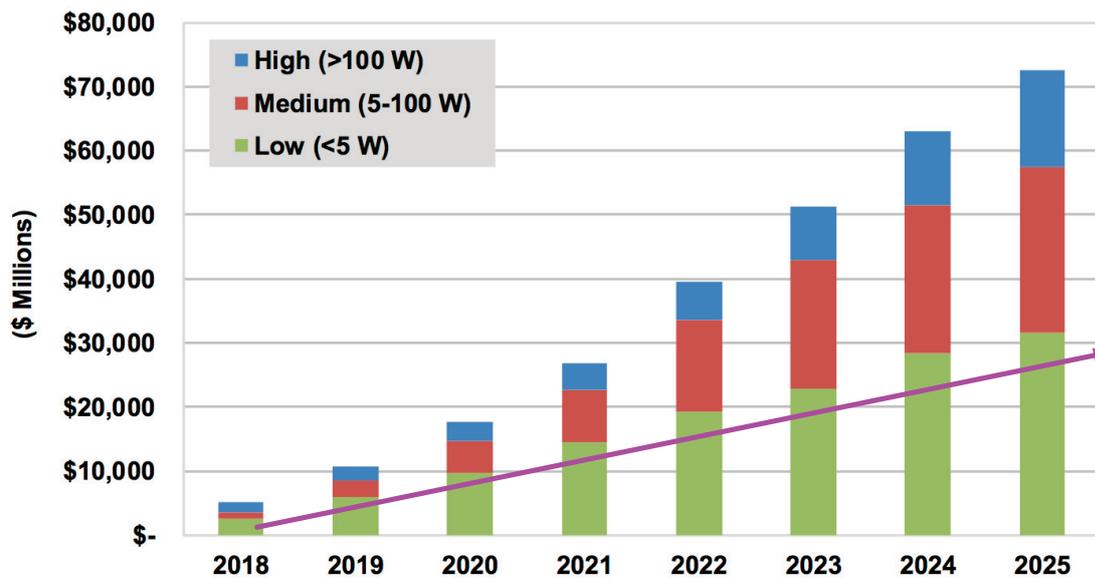
Training a Single AI Model can emit as much carbon as five cars in a lifetime

Deep Learning Chipset Revenue, World Markets: 2018-2025



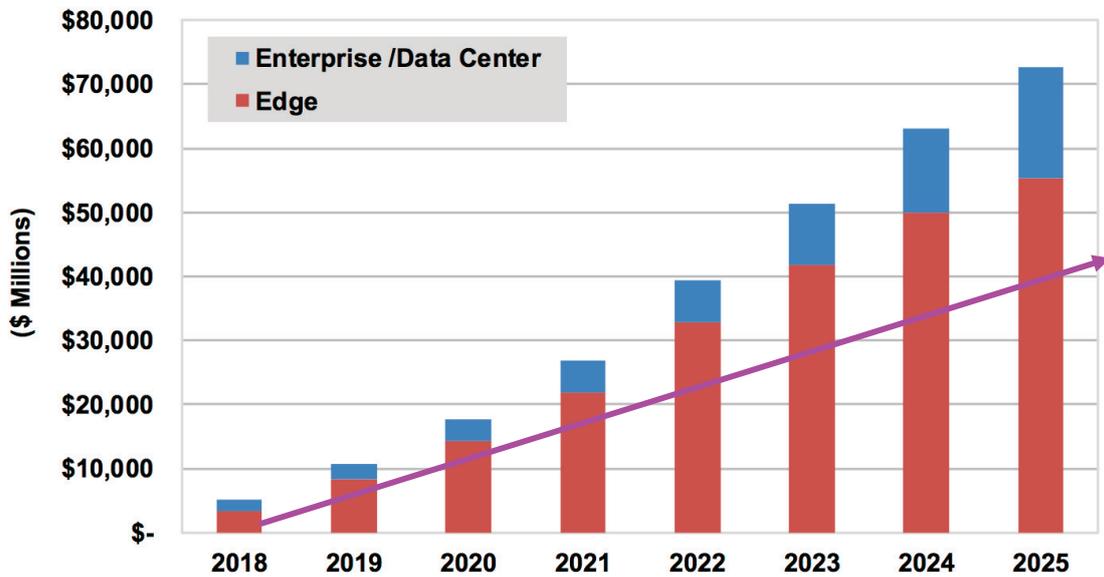
(Source: Tractica)

Chart 5.7 Deep Learning Chipset Revenue by Power Consumption, World Markets: 2018-2025



(Source: Tractica)

Chart 5.8 Deep Learning Chipset Revenue by Market Sector, World Markets: 2018-2025



(Source: Tractica)

BRAINCHIP AKIDA TECHNOLOGY



- Fully User Re-Configurable Event-Based Spiking Neural Network (SNN) technology.
- SNN uses threshold logic in a low-cost standard digital CMOS process with proprietary learning rules.
- Up to 1.2M Neurons and 10B Synapses
- Multiple Neural Processing Cores



AKIDA MAJOR ADVANTAGES



- Complete AI Edge Network on a chip
 - User Re-Configurable Single Chip Solution
 - On-chip Training and Inference
 - Unsupervised Learning at the Edge without Training
- Ease of Use
 - Complete Simulation in the Akida Development Environment
- Multiple Learning Modes
 - Native Event-Based SNN
 - Convolutional to Event-Based SNN
- High Performance
 - Low Power Operation is Scalable – less than 1 watt
 - Low Latency Operation is Scalable – down to 5mS
 - High Accuracy Operation is Scalable – up to 98%

AKIDA PRODUCT ROADMAP



- AKD1000 User Re-Configurable AI Edge Device for OEMs and Module Manufacturers
- AKD1000IP User Re-Configurable AI Edge IP for ASIC Integration
- AKD1000USB User Re-Configurable USB Dongle for Research and Development
- AKD500 Application Specific User Re-Configurable for Low Cost High Volume AI Edge Applications
- AKD2000IP User Re-Configurable Advanced Learning Rules for ASIC Integration
- AKD2000 User-Configurable Advanced Learning Rules Device for OEMs and Module Manufactures

AKIDA BUSINESS MODEL



- Akida Development Environment – Free to Beta Users
- Akida Intellectual Property – Direct and Channel Partner Sales Globally
- Akida Device – Direct and Channel Partner Sales Globally
- Akida Reference Board – Direct Sales to Qualified Users
- Akida USB Module – Online Retail Sales and Select Channel Partners Globally



AKIDA COMPETITION



GyrFalcon

BRAINCHIP TEAM



- Headcount 35
 - Louis DiNardo – Chief Executive Officer
 - Peter van der Made – Chief Technology Officer
 - Anil Mankar – Chief Development Officer
 - Roger Levinson – Chief Operating Officer
 - Ken Scarince – VP Finance
 - Toulouse, France – 15
 - Aliso Viejo, California US – 15

BRAINCHIP GLOBAL PRESENCE



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.

1. SPECIFIC INVESTMENT RISKS

1.1. 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.

1.2. Development risk

BrainChip and Socionext have entered into a definitive agreement under which Socionext will work with BrainChip on the design and manufacture of the Akida ASIC. There is a risk that that Socionext does not develop BrainChip's Akida chip as expected.

1.3. 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.

1.4. 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.

1.5. 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.

1.6. 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.

1.7. 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.

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KEY RISKS

1.8. 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.

1.9. 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.

1.10. 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.

2. GENERAL INVESTMENT RISKS

2.1. 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.

2.2. 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.

2.3. 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.

2.4. 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

2.5. 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.

2.6. 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.

2.7. 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.

2.8. 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.

2.9. 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.

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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.

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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.

THANK YOU



4. Additional Information

4.1 Not investment advice or financial product advice

The information in this Retail Offer Booklet is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. The Company is not licensed to (and does not) provide financial product advice in respect of the New Shares or Additional New Shares.

The information in this Retail Offer Booklet does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares or Additional New Shares, you should consider whether they are a suitable investment for you in the light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of Shares the subject of the Retail Entitlement Offer. If, after reading this Retail Offer Booklet, you have any questions about the Retail Entitlement Offer, you should contact your professional advisers.

4.2 Notice to nominees and custodians

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter in respect of the Retail Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their entitlement or not), institutional Shareholders who were treated as ineligible institutional investors under the Institutional Entitlement Offer and Ineligible Retail Shareholders.

4.3 Governing law

The information in this Retail Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Retail Entitlement Offer pursuant to the personalised Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia. Each Shareholder who applies for New Shares and Additional New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

4.4 Taxation

You should be aware that there may be taxation implications associated with participating in the Retail Entitlement Offer and receiving New Shares (and Additional Shares).

The Company does not consider it appropriate to give shareholders advice regarding the taxation consequences of subscribing for New Shares (and Additional Shares) under the Retail Entitlement Offer. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shares.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares (and Additional New Shares) under this Retail Offer Booklet.

5. Glossary

Term	Meaning
Additional New Shares	Has the meaning given in Section 1.1.
Applicant	An Eligible Retail Shareholder who validly applies for New Shares (and, if applicable, Additional New Shares) under the Retail Entitlement Offer in accordance with the Retail Offer Booklet.
Application	An application made on a personalised Entitlement and Acceptance Form to apply for New Shares (and, if applicable, Additional New Shares) under the Retail Entitlement Offer in accordance with this Retail Offer Booklet.
Application Monies	Money submitted by Applicants under the Entitlement Offer.
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691), or the financial market operated by it, as the context requires
ASX Listing Rules	The official listing rules of ASX, as amended or waived from time to time
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532)
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations
Board	The board of directors of the Company from time to time
CHESS	Clearing House Electronic Subregister System operated in accordance with the Corporations Act
Company	BrainChip Holdings Ltd ACN 151 159 812
Constitution	The constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
CRN	Customer Reference Number
Director or Directors	A member of the Board from time to time
Eligible Retail Shareholders	Retail Shareholders who with a registered address in Australia or New Zealand as at the Record Date and who otherwise satisfy the eligibility criteria under Section 1.7.
Eligible Institutional Shareholders	Institutional Shareholders who (i) if they are in Australia are either a sophisticated investor or a professional investor within the meaning of section 708(8) or 708(11) of the Corporations Act, respectively or (ii) if they are outside of Australia they otherwise satisfy the applicable criteria in certain jurisdictions
Entitlement	The number of New Shares that an Eligible Retail Shareholder is entitled to apply for under the Retail Entitlement Offer, as determined by the number of Shares held by that Eligible Retail Shareholder on the Record Date
Entitlement and Acceptance Form	The relevant personalised form accompanying this Retail Offer Booklet which Eligible Retail Shareholders may use to apply for New Shares (and, if applicable, Additional New Shares)



Entitlement Offer	The accelerated non-renounceable entitlement offer of New Shares in the Company in the ratio of 1 New Share for every 4 Shares held on the Record Date.
Group	The Company, its subsidiaries and affiliates
HIN	Holder Identification Number
IFRS	International Financial Reporting Standards
Ineligible Foreign Shareholders	Retail Shareholders who are in the United States or have registered addresses outside Australia and New Zealand.
Ineligible Retail Shareholders	Retail Shareholders who do not satisfy each of the criteria under section 1.7 including Ineligible Foreign Shareholders.
Institutional Allotment Date	The allotment date of the New Shares issued under the Institutional Entitlement Offer
Institutional Entitlement Offer	The institutional component of the Entitlement Offer
Institutional Offer Proceeds	All proceeds received under the Institutional Entitlement Offer
Investor Presentation	The investor presentation included in Section 3 of this Retail Offer Booklet.
Lead Manager	Shaw and Partners Limited ACN 003 221 583 (AFSL 236048)
New Share	The fully paid ordinary shares in the Company offered under either component of the Entitlement Offer which will rank equally with existing Shares from the date of issue
Offer Price	The price payable for a New Share (or Additional New Share, if applicable) under the Retail Entitlement Offer, being A\$0.06 per New Share
Record Date	The record date for the Retail Entitlement Offer, being 5.00pm (Sydney time) on Friday 28 June, 2019
Retail Allotment Date	Friday, 19 July 2019
Retail Entitlement Offer	The retail component of the Entitlement Offer
Retail Offer Proceeds	All proceeds received under the Retail Entitlement Offer
Share	A fully paid ordinary share in the Company
Shareholder	The registered holder of a Share
Shareholding	The number and value of Share(s) held in the Company
Share Registry	Computershare Investor Services Pty Limited ACN 078 279 277
SRN	Security Reference Number
US Securities Act	United States Securities Act of 1933, as amended



Corporate directory

Registered office

Level 12, 225 George Street
Sydney NSW 2000

Directors

Louis DiNardo – President and CEO
Stephe Wilks – Non-Executive Director and Chair
Emmanuel T. Hernandez – Non-Executive Director
Adam Osseiran – Non-Executive Director
Steve Liebeskind – Non-Executive Director

Website

www.brainchipinc.com

Securities exchange listing

Company's Shares are listed on ASX (code BRN)

Lead Manager

Shaw and Partners Limited
ACN 003 221 583
Level 7, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Australian legal adviser

Maddocks
Level 27, Angel Place
123 Pitt Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Offer information line

Australia 1300 850 505
International +61 3 9415 5000

Open 8.30am to 5.30pm (Sydney time) Monday to Friday (during the Entitlement Offer period)



BrainChip Holdings Ltd
ABN 64 151 159 812

BRN

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

For all enquiries:

Phone:
 (within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Web:
 www.investorcentre.com/contact

Make your payment:



See overleaf for details of the Offer and how to make your payment

Accelerated Non-renounceable Entitlement Offer — Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (Sydney time) Friday, 12 July 2019**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you accept your full Entitlement, you can also apply for Additional New Shares. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Retail Offer Booklet dated 28 June 2019.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**BrainChip Holdings Ltd**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

Entitlement and Acceptance Form with Additional Shares

X 9999999991

I ND

STEP 1 Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 12345678

Offer Details: Existing shares entitled to participate as at
7.00pm (Sydney time) Friday, 28 June 2019:

Entitlement to New Shares
on a 1 for 4 basis:

Amount payable on full acceptance
at \$0.06 per New Share:

XX

X

\$X.XX

STEP 2 Make Your Payment



Billers Code: 298646
Ref No: 1234 5678 9123 4567 89

Pay by Mail:



Make your cheque, bank draft or money order payable to "**BrainChip Holdings Ltd**" and cross "**Not Negotiable**".

Return your cheque with the below payment slip to:

Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

Contact your financial institution to make your payment from your cheque or savings account.

Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm (Sydney time) Friday, 12 July 2019. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor BrainChip Holdings Ltd accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm (Sydney time) Friday, 12 July 2019. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor BrainChip Holdings Ltd accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Detach here -----

BrainChip Holdings Ltd Acceptance Payment Details

Entitlement taken up:

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Number of Additional New
Shares applied for:

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Amount enclosed at \$0.06 per
New Share:

A\$

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Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5:00pm (Sydney time) Friday, 12 July 2019

Contact Details

Contact
Name _____ **Daytime**
Telephone _____

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+0000000001-3051+14