

AUDIT & GOVERNANCE COMMITTEE CHARTER

BrainChip Holdings Ltd ("Company")

1. PURPOSE

The purpose of the Audit & Governance Committee ("**Committee**") of the Board of Directors (the "**Board**") of BrainChip (the "**Company**") shall be to:

1.1 Purpose

Assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's:

- (a) Financial reporting;
- (b) Internal control structure; and
- (c) Risk management systems;

1.2 Responsibility to Communicate

With respect to the preceding, it is the responsibility of the Committee to maintain free and open communication between the Committee members, external auditors, internal auditors (where applicable), management of the Company and the Board.

1.3 Power to Investigate

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of the Company, and the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.

2. MEMBERSHIP

2.1 Election and Composition

The Committee Membership shall be made up of at least three non-executive Directors appointed by the Board who have diverse complementary backgrounds and a majority of whom are independent Directors of the Company. The Committee Chair shall be an independent Director who is not the Chair of the Board.

2.2 Skills

All Committee members shall be financially literate or become financially literate within a reasonable time after appointment. Furthermore, at least one member shall have accounting and/or related financial management expertise as determined by the Board.

2.3 Invitations to Attend

The Committee may invite any Directors, the CEO, senior executives, employees of the Company or any other persons whose advice and counsel is

sought by the Committee, to attend any meeting to provide such pertinent information as the Committee requests.

3. AUDIT RELATED DUTIES AND RESPONSIBILITIES

3.1 General

In carrying out its duties and responsibilities, the Committee should remain flexible, in applying its policies and procedures, in order to best react to changing conditions and to help support quality financial reporting, sound business risk practices, and ethical behaviour within the Company. This section 3 of the Charter sets forth the principal duties and responsibilities of the Committee with the understanding that the Committee may supplement them as appropriate.

3.2 Understanding the Business

The Committee shall ensure it understands the Company's structure, control, and types of transactions in order to adequately assess the significant risks faced by the Company in the current environment.

3.3 Financial Reporting and Audits

3.3.1 The primary audit-related responsibilities of the Committee are to oversee the Company's financial reporting process on behalf of the Board and report the results of its activities to the Board.

3.3.2 While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or participate in the preparation of financial statements and disclosures in accordance with Australian and International Financial Accounting Standards, legislative and regulatory requirements which are specifically reserved to the external auditor and management. However, the Committee will provide input into audit planning, approve (or recommend for approval) audit plans, provide oversight of the conduct of the audit, and review financial reports and statements for compliance with accounting standards and policies and other requirements relating to the preparation of financial reports and assessing whether the financial reports are consistent with the Committee members' information and knowledge.

3.3.3 The external auditors are responsible for auditing the Company's Half Year and Annual financial reports.

3.4 Assessment of Accounting, Financial and Internal Controls

3.4.1 The Committee shall discuss with management, the internal auditors (where applicable), and the external auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and support the management of business risk, and legal, regulatory and ethical compliance programs within the Company (e.g. the Company's various corporate governance policies).

- 3.4.2 Any opinion obtained from the internal auditors (where applicable) or external auditors on the Company's choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method.
- 3.4.3 The Committee shall periodically meet separately with management, the internal auditors (where applicable), and the external auditors to discuss issues and concerns warranting Committee attention, including but not limited to their assessments of the effectiveness of internal controls and the process for improvement. The Committee shall provide sufficient opportunity for the internal auditors (where applicable) and the external auditors to meet privately with the members of the Committee. The Committee shall review with the external auditors any audit problems or difficulties and management's response.
- 3.4.4 The Committee shall obtain regular reports from the external auditor on the critical policies and practices of the Company, and all alternative treatments of financial information, within generally accepted accounting principles, that have been discussed with management.

3.5 **Appointment of External Auditors**

- 3.5.1 The Committee shall be directly responsible for making recommendations to the Board on the appointment, re-appointment or replacement (subject, if applicable, to shareholder approval), remuneration, and monitoring of the effectiveness and independence of the external auditor, including resolution of disagreements between management and the auditor regarding financial reporting.
- 3.5.2 The Committee shall pre-approve all audit and non-audit services provided by the external auditors and shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.

3.6 **Assessment of the External Auditor**

At least annually, the Committee shall obtain and review a report by the external auditors describing the following (or meet, discuss and document with them):

- 3.6.1 The audit firm's internal quality control procedures;
- 3.6.2 Any material issues raised by the most recent internal quality control review, or peer review of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, representing one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
- 3.6.3 All relationships between the external auditor and the Company (to assess the auditor's independence).

3.7 **Independence of the External Auditor**

- 3.7.1 The Committee shall review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company.
- 3.7.2 The Committee shall set clear hiring policies for employees or former employees of the external auditor in order to prevent the impairment or perceived impairment of the external auditor's judgement or independence in respect of the Company.

3.8 **Scope of the External Audit**

- 3.8.1 The Committee shall discuss with the external auditors the overall scope of the external audit, including identified risk and focus areas and any additional agreed-upon procedure.
- 3.8.2 The Committee shall review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level.

3.9 **Assessment of the Internal Audit (where applicable)**

Where an internal auditor has been appointed, the Committee shall review the internal auditor's mission, charter and resources and discuss the scope of the internal audit with the internal auditor, including the internal audit plan, work program and quality control procedures.

3.10 **Review of Audited ASX Filings and Communications with the External Auditors**

- 3.10.1 The Committee shall review and make a recommendation to the Board in respect of the half year financial report and Appendix 4D prior to the filing of these with the ASX. Also, the Committee shall discuss the results of the half year review and any other matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards.
- 3.10.2 The Committee shall review and make a recommendation to the Board in respect of the annual financial report and Appendix 4E prior to the filing of these with the ASX. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards
- 3.10.3 The Chair of the Committee may represent the entire Committee for the purposes of this review.
- 3.10.4 The Committee shall review all representation letters signed by management in relation to the Company's financial reports in order to evaluate whether the information provided is complete and appropriate.

3.10.5 The Committee shall review and apply the Company's procedures in relation to verification of the integrity of its Annual Directors Report and other unaudited reports.

3.11 Other Audit- Related Duties

The Committee may undertake any other duties and activities that the Board may consider appropriate.

4. GOVERNANCE RELATED DUTIES

4.1 Corporate Governance Policies and Procedures

4.1.1 At least once each year, the Committee shall review the performance and effectiveness of the Company's corporate governance policies and procedures (e.g. Risk Management, Shareholder Trading, Continuous Disclosure, Shareholder Communications, Diversity and Code of Conduct Policies) and, if appropriate, assist the Board in amending those policies and procedures or adopting new policies or procedures.

4.1.2 At least once each year, The Committee shall make recommendations to the Board of "measurable objectives" as it relates to the achievement of gender diversity pursuant to the Company's Diversity Policy and will report to the Board the Company's progress in achieving its "measurable objectives" including a review of the relative proportions of men and women at all levels in the organization.

4.2 Public Statements

4.2.1 The Committee shall assist in preparing the Company's annual corporate governance disclosure statements, including Appendix 4G, as required under the ASX Listing Rules.

4.2.2 The Committee shall assist in reviewing and approving all disclosures related to any departures from the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council.

4.2.3 The Committee shall assist in reviewing and approving the public disclosure of Company policies and procedures where required.

4.2.4 The Committee shall assist in supervising the public disclosure of all matters that the law and the ASX Listing Rules require to be publicly disclosed in a manner consistent with the Company's Continuous Disclosure Policy.

4.3 Delegations of Authority

The Committee shall make recommendations to the Board for approval and monitoring delegations of authority with respect to various corporate governance matters.

4.4 Related Party Transactions

The Committee shall review and monitor related party transactions and investments involving the Company and its directors.

4.5 **Other Governance- Related Duties**

The Committee may undertake any other governance-related duties and activities that the Board may consider appropriate.

5. **MEETINGS AND REPORTING**

5.1 **Meeting Frequency**

The Committee will meet as frequently as required but not less than two times each year to review and approve the Half Year Financial Report and the Annual Financial Report. Any member of the Committee may call a meeting of the Committee.

5.2 **Quorum**

Two members of the Committee must attend to form a quorum.

5.3 **Committee Agenda and Papers**

Committee agenda should be settled by the Chair in conjunction with the Company Secretary, and Committee papers should be provided to Committee members sufficiently far in advance of scheduled meetings to permit adequate preparation.

5.4 **Professional Advice**

The Committee may have access where necessary to professional advice from external advisers (other than the auditor) and may meet with external advisers without management being present. The Committee may also arrange for foreign counsel and advisers in foreign jurisdictions to further its ability to perform its duties.

5.5 **Reporting**

The Committee Chair will report to the Board on the proceedings of each Committee meeting (at the next Board meeting) and attend the Annual General Meeting and be available to respond to any shareholder questions on the Committee's activities and areas of responsibility.

6. **ASSESSMENT**

6.1 **Committee**

At least once each year the Committee and the Board will review the performance and effectiveness of the Committee (by reference to current best practice).

6.2 **Charter**

At least once each year the Committee will review this Charter and make recommendations to the Board in relation to any proposed change to this Charter.

7. GENERAL

7.1 Powers, Governance and Legal Advice

The powers of the Committee shall be limited, and all activities of the Committee shall be governed by the provisions of the Corporations Act. Any communication between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications by the Company and the Committee will take necessary steps to preserve the privileged nature of those communications.

7.2 A copy of this Charter shall be made available on the Company's website.

This Charter was adopted by the Board effective 01 January 2020.