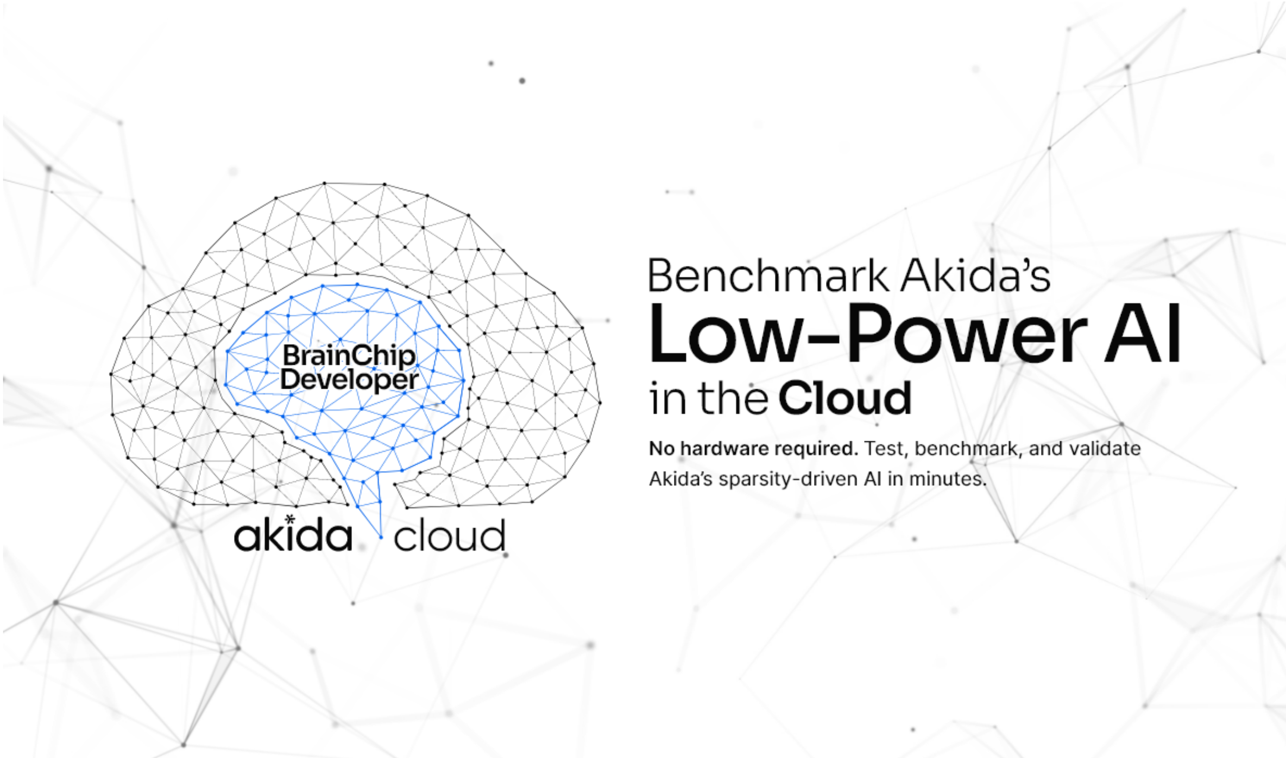
BrainChip Holdings Ltd

Annual Report

2025

Content


BrainChip
Developer
akida cloud
Benchmark Akida's
Low-Power AI
in the Cloud
No hardware required. Test, benchmark, and validate
Akida's sparsity-driven AI in minutes.

Chair’s letter to shareholders

Dear Shareholder,

It is my pleasure to present BrainChip’s annual report and to reflect on a year marked by meaningful progress, strengthening partnerships, and expanding confidence in the transformative potential of our neuromorphic technology. As Chairman of the Board, I am proud of how the company continued to build momentum and execute with discipline and optimism.

This past year, BrainChip advanced its position as a global leader in edge AI through ongoing innovation of our Akida™ technology platform. Across industries - from automotive and aerospace to cybersecurity, consumer electronics, and industrial IoT - we saw continued validation of the unique advantages that neuromorphic processing offers: ultra-low power consumption, real-time learning, and inference efficiency unmatched by traditional architectures. These technological strengths are no longer theoretical differentiators; they are becoming practical, deployable enablers of next-generation intelligent systems.

Our progress was further supported by strong engagement with partners and customers who recognise the long-term value of neuromorphic solutions. Whether through co-development agreements, proof-of-concept initiatives, or expanded research collaborations, each relationship strengthened our ecosystem and reinforced confidence in BrainChip’s roadmap. Our team continued to deliver with the professionalism and creativity that define our company, ensuring we remain at the forefront of one of the most exciting technological shifts of our time.

Equally important, we strengthened our operational foundation. The Board and executive leadership worked closely to sharpen strategic priorities, enhance organisational efficiency, and continue our commitment to responsible governance. In an environment where technology companies must balance innovation with stewardship, BrainChip is well-positioned to grow with purpose and discipline.

The journey is by no means complete, our evangelical work continues. The market is still dominated by traditional compute which prevents the edge market from achieving its true potential. Looking ahead, we are energised by the opportunities before us. Edge AI is entering a pivotal era, and neuromorphic computing is increasingly recognised as essential to unlocking the next breakthrough in intelligent, autonomous systems. BrainChip’s technology suite is aligned with these market needs, and we remain committed to executing our strategy, supporting our partners, and delivering long-term value to shareholders.

On behalf of the Board of Directors, I extend our deepest appreciation to our employees, partners, and you - our shareholders - for your support and confidence in BrainChip. The year ahead promises to be one of continued innovation and accelerating opportunity, and we are optimistic about what we will achieve.

Thank you

Antonio J. Viana
Chairman of the Board
BrainChip Holdings Ltd

The directors submit their report of the consolidated entity, being BrainChip Holdings Ltd ("BrainChip Holdings" or "Company" or "BrainChip") and its controlled entities ("Group" or "Consolidated Entity"), for the year ended 31 December 2025.

Directors

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

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

The name of the Company's Secretary in office during the year and until the date of this report is:

Kim Larkin

Principal activities

The principal activity of the Group is the development of software and hardware accelerated solutions for advanced artificial intelligence ("AI") and machine learning applications, with a primary focus on the development of its Akida™ ("Akida") neuromorphic processor to provide a complete ultra-low power and fast AI Edge Network for vision, audio, olfactory and smart transducer applications.

Dividends

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

Significant changes in the state of affairs

On 31 December 2024, BrainChip, together with LDA Capital Limited, LDA Capital LLC and LDA Capital Group, LLC executed a Fourth Amendment to the Put Option Agreement ("POA") (refer to ASX announcements dated 13 August 2020 and 26 October 2020), extending the agreement for an 18 month period and assigning the rights of LDA Capital Limited and LDA Capital LLC derived under the POA to LDA Capital Group, LLC ("LDA Group"). The amendment also provided an option to extend the POA for two additional one-year periods under the same terms upon mutual consent.

Under the terms of the renewal,

- total funding increased to A$140M (Total Commitment Amount), of which A$68 million in gross proceeds has been drawn since inception in 2020.
- BrainChip has agreed to an additional Minimum Drawdown Amount of A$20 million to be drawn no later than 30 June 2026.
- BrainChip would issue 40 million Collateral Shares by the earlier of the next Capital Call or 30 June 2025, subject to Listing Rule 7.1 placement capacity.
- The purchase price remains set at 91.5% of the average daily Volume Weighted Average Price for each day shares are sold throughout the pricing period.

On 22 March 2025, BrainChip submitted a capital call notice to LDA Group in accordance with the Fourth Amendment to the POA to subscribe for 40 million shares. The closing period was extended multiple times and finally completed on 25 July 2025. Cash funds were received in two instalments, comprising US$3,831,282 (A$5,835,610) on 15 July 2025, and US$1,570,973 (A$2,392,848) (net of fees) on 25 July 2025 after the call notice was closed on 23 July 2025. The purchase price per capital call share ranged from A$0.1784 to A$0.2562 during the capital call period.

On 10 November 2025, the Company announced an equity capital raise of A$37 million, comprising a fully underwritten share placement to professional and sophisticated investors raising A$35 million before costs ("Placement") and a non-underwritten share purchase plan ("SPP") to be offered to eligible Australian and New Zealand shareholders to raise a further A$2 million.

Significant changes in the state of affairs (continued)

The Placement and SPP were completed with a share price of A$0.175 representing a:

- 10.3% discount to the last close of A$0.195 per share on 5 November 2025;
- 11.9% discount to the 5-day VWAP of A$0.1986 per share up to and including 5 November 2025; and
- 11.8% discount to the 10-day VWAP of A$0.1985 per share up to and including 5 November 2025.

The Company received US$22,790,425 (A$35,000,000) (before costs) on 17 November 2025 to close out the Placement and 200,000,000 shares were issued.

Under the SPP, shareholders with a registered address in Australia or New Zealand on 7 November 2025 were eligible to apply for a maximum of A$30,000 of new shares free of fees and at the same price offered through the Placement. The offer closed oversubscribed on 4 December 2025 and the Board for directors agreed to accept all applications received, resulting in the issue of 17,010,075 shares on 8 December 2025 and cash received by BrainChip of US$1,976,208 (A$2,976,800).

There have been no other significant changes in the state of affairs of the Group.

Review of operations

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

Overview

The Group made a net loss after income tax for the year ended 31 December 2025 of $20,471,117 (2024: $24,431,185).

Revenues for the year ended 31 December 2025 of $1,887,155 increased 374% from $398,011 in 2024. The Company has been working tirelessly on building sales and believes the decisions to commercialise the AKD1500 and AKD2500 will contribute to achieving significant growth in license and product revenue.

Total operating expenses for the year ended 31 December 2025 of $21,972,241 decreased 8% from $23,868,799 incurred in the prior year. This decrease was attributable to:

- Research & development (R&D) expenses of $9,060,956 for the current period increased 18%, or $1,360,988 from a year ago. R&D costs in the current period comprised employee expenses, contractor and other research and development costs, and the impairment of intangible assets. Movements in R&D costs are summarised as follows:
    - 2% increase in employee expenses reflecting the expansion of headcount in the USA, offset by the effect of the redundancy of the Australian R&D team.
    - Third-party pre-development services of $278,919 incurred in the current period (2024: $Nil) ;
    - A loss of $97,260 reported upon the early exit of leased office space in Perth, Australia; and
    - $1,978,395 of development costs related to the AKD1500 were capitalised and impaired in accordance with the accounting standards. Whilst management and the Board are confident that future economic benefits will be derived from this product, the timing of these benefits at this early stage are considered uncertain, and therefore the capitalised asset was written down to nil.
- Selling & marketing (S&M) expenses of $4,475,841 for the current period decreased 3%, or $129,270 from a year ago. Management is continuing to focus on targeting potential customers worldwide and the promotion and marketing of current and future products.
- General & administrative (G&A) expenses of $6,217,293 for the current period increased 2% overall, or $103,922 from the same period a year ago because of increased legal and professional costs in 2025.
- Share-based payment expense of $2,218,151 for the current period decreased 59%, or $3,232,198 from the same period a year ago. Share-based payments expense is non-cash in nature and represents the current period vesting expense for equity instruments (Options, Performance Rights ("PRs"), Restricted Stock Units ("RSUs") and Services Rights ("SRs")) issued to directors, employees and consultants, offset by the value of equity units that have been forfeited during the year. The current year included a vesting credit of $3,182,754 (2024: $4,085,053) resulting from the reassessment of the achievement of the maximum performance criteria for equity units granted in 2023 that vest on 28 February 2026 and units granted in 2024 that vest on 28 February 2027.

Review of operations (continued)

Overview (continued)

The current year loss also includes:

- Finance income of $1,342,911 comprising interest income earned $484,225 (2024: 635,246) on cash balances invested and $858,686 of net foreign exchange gains (unrealised and realised) on revaluation of non-USD cash balances and other foreign exchange balances.
- Finance expense of $62,281 (2024: $1,008,048) comprising interest expense of $62,281 (2024: $81,636). The prior year also included $981,104 of unrealised foreign exchange losses on revaluation of non-USD cash balances and other foreign exchange gains (unrealised and realised) totaling $926,412.
- Non-cash gains totalling $33,577 (2024: $13,575) resulting from the fair value of the LDA financial liabilities recognised due to the agreed pricing mechanism and the put option premium.

Balance Sheet and Cashflows

At the end of the year, the Group had consolidated net assets of $30,693,993 (2024: $19,826,520), including cash and cash equivalents of $31,712,588 (2024: $20,000,422).

Trade and other receivables decreased to $574,802 from $947,994 in the prior year, driven mainly by a decrease in Research Tax Credits recognised in the current year as a result of the closure of the Australian research office.

Cash outflows used in operating activities totalled $15,441,754 (2024: $15,884,799), as noted in the Consolidated Statement of Cash Flows, and reflects the Company's continued focus on bringing products to market.

The Company recognised capitalised development costs late in 2025 as a result of the decision to commercialise the AKD1500 chip.

Cash inflows from financing activities included $30,168,888 from the issue of shares, comprising $5,402,255 from shares issued to LDA Capital (2024: $7,991,520) and $24,766,633 (before costs) from the issue of shares via a placement to investors and a share purchase plan to shareholders (2024: $14,645,131). A further cash inflow of $227,001 was received from the exercise of BrainChip Equity Plan options into issued shares (2024: $1,435,102). The Company incurred share issue costs of $1,464,778 (2024: $1,033,498).

Operational Highlights

BrainChip entered 2025 with growing momentum in aerospace, defence, and edge-AI markets, building directly on breakthroughs announced at the end of 2024. In early 2025, the Company's neuromorphic technology began expanding into mission-critical environments, most notably through a series of programs involving space-grade computing and advanced radar signal processing.

Early 2025: Expansion into Space-Grade & Defence Systems, Wearables
In January and February, BrainChip's collaboration with Frontgrade Gaisler (FG) advanced meaningfully after the Swedish National Space Agency (SNSA) awarded FG a contract to commercialise GR801, the world's first neuromorphic system-on-chip built for space applications. The chip integrates Akida with FG's RISC-V NOEL-V processor to create an ultra-efficient AI compute platform intended for autonomous space missions, supported by demonstration work from Sweden's KTH Royal Institute of Technology.

In a parallel development, BrainChip formally confirmed that Raytheon, an RTX business, would join as its major subcontractor for the U.S. Air Force Research Laboratory's US$1.8M neuromorphic radar processing project, focused on micro-Doppler radar signature analysis—a domain where Akida's low-power, event-based processing offers advantages for missile, drone, and electronic-defence systems operating under strict size, weight, and power constraints.

Review of operations (continued)

Operational Highlights (continued)

On 25 February 2025, BrainChip announced a technology collaboration partnership with Onsor Technologies, based in Oman, to enable an innovative approach using neuromorphic computing to predict epileptic seizures utilising the Akida Platform in a wearable design. The Onsor solution consists of wearable glasses incorporating EEG sensors, neuromorphic processing capabilities, and a user-friendly alert system on a mobile device. The key innovation is a seizure prediction neural network running on BrainChip's AKD1500 chip on-device using a battery for all day operation. Using an Onsor trained model with proprietary EEG data sets, it achieves more than 95% accuracy out of the box. From this high baseline, it utilises incremental learning and personalisation algorithms to continuously refine and improve performance for each individual user.

Strengthening the Commercial Ecosystem
By April, BrainChip expanded its radar and advanced signal-processing footprint through a new partnership with Information Systems Laboratories (ISL), aimed at co-developing neuromorphic, real-time radar and electronic defence signal-processing solutions using Akida. ISL highlighted successful demonstrations showing that Akida could execute complex radar algorithms at low cost, size, weight and power, validating its suitability for drones and next-generation aerospace systems.

In a separate demonstration, Arquimea paired Akida with a Prophesee Metavision event-based camera on a low-power drone. This configuration identifies distressed swimmers with greater speed and efficiency than traditional frame-based systems. Additionally, Andes Technology showcased Akida operating within RISC-V compute platforms, highlighting Akida's suitability for at-sensor AI in automotive, industrial, and security environments.

Commercial engagement continued to expand in Q2 with Chelpis Quantum Corp. announcing the selection of BrainChip's Akida chips for its industrial robotic security application during the quarter. Chelpis has purchased an enablement package which includes AKD1000 devices for qualification and deployment in endpoint security for robotic solutions. This is the first step in a collaboration that will help enable Chelpis and their partner company, Mirle, to build autonomous quadruped robots for industrial/factory environments. Chelpis is exploring BrainChip's Akida IP to fulfil security and AI computing needs in their AI-PQC robotic System-on-Chip development.

In late Q2, BrainChip announced a strategic collaboration with HaiLa Technologies, an innovator in ultra-low power wireless connectivity. BrainChip and HaiLa are working with leading OEMs and ecosystem partners to demonstrate how BrainChip's Akida™ neuromorphic technology can pair seamlessly with HaiLa's BSC2000 radio frequency integrated circuit RFIC to enable breakthrough power efficiency for connected sensor applications in IoT, medical, and smart infrastructure markets.

Mid-2025: Strategic Direction and Technology Accessibility
By mid-year, BrainChip completed a comprehensive review of whether to redomicile its primary listing to a U.S. exchange. After consultations with shareholders, legal advisors, and investment banks, the Board reaffirmed its commitment to the ASX as the listing venue best aligned with long-term shareholder value.

During June 2025, BrainChip unveiled its MetaTF 2.13 software on a newly launched Developer Hub. BrainChip is making it easier than ever for developers to build intelligent, low-power applications at the edge with the launch of its all-new Developer Hub, a dedicated portal designed to accelerate innovation on the Akida platform. Developer engagement with the new portal has surged significantly since its release.

In August, BrainChip launched the Developer Akida Cloud, giving engineers hardware-free access to Akida 2 for real-time streaming, model testing, and accelerated iteration cycles. The platform reduces development time and simplifies neuromorphic model evaluation.

Review of operations (continued)

Operational Highlights (continued)

Transitioning AKD1500 to Production
In October, BrainChip announced that the AKD1500, previously a reference design, was being moved to tape-out and volume production. The decision followed strong customer validation in the defence, aerospace, medical, and wearable markets, where engineering samples proved the chip's ability to deliver real-time, on-device learning with milliwatt-level power consumption. The Company's strategic expansion has enabled it to move beyond simply providing hardware.

By significantly enhancing its internal capabilities in model development, software engineering, and system integration, BrainChip is now well-equipped to support customers with complete, end-to-end AI solutions. This holistic approach allows the Company to serve not just as a chip provider, but as a full-stack AI partner, from initial concept to final deployment. Production silicon availability is anticipated in Q3 of 2026.

In September 2025, BrainChip announced a distribution partnership with DigiKey, a leading global electronic components distributor. This collaboration introduces three key development board-level products that feature the Akida AI accelerator chip. This partnership is part of BrainChip's strategy to expand its global, commercial reach and make its technology more accessible to the wider engineering community.

Late 2025: Commercial Scaling and Strategic Agreements
BrainChip's long-standing engagement with Parsons Corporation culminated in a multi-year strategic supply agreement, including an initial order of 10,000 AKD1500 chips, manufacturing-scale commitments, continuity-of-supply provisions, and tiered pricing for large-volume deployments. Parsons will integrate BrainChip's Akida neuromorphic processors into its mission-ready platforms to enhance adaptive performance in constrained and dynamic defence environments.

In November, at Embedded World North America, BrainChip announced the official release of the AKD1500 chip for volume production. This milestone signals the Company's transition to full-scale commercial deployment of its neuromorphic co-processor solutions. On 12 December 2025, BrainChip received an order for 1,200 AKD1500 chips from Nex Novus for use in its Neuromorphyx™ "Neuro Blocks" product. The AKD1500 will accelerate an MCU supporting neuromorphic evaluation of multi-sensor data. While the order size is modest, it underscores the growing commercial interest and real-world utility of the AKD1500.

End of Year: Capital Strengthening and Platform Expansion
BrainChip bolstered its growth strategy in December with an additional US$25M in funding. These funds are earmarked for critical milestones, including Akida 2, Akida GenAI (TENNs-based on-device LLM capabilities), reference design development, model development, software stack development, AKD2500 tape-out, and module-level product expansions.

By the end of 2025, BrainChip had made a decisive transition from demonstrating neuromorphic computing to commercially scaling it. The Company advanced space-grade computing, secured defence-sector supply commitments, launched cloud-based access to Akida 2, entered volume chip production, expanded its partner ecosystem, and strengthened its capital foundation - positioning it as a leading force in ultra-low-power, sensor-proximate artificial intelligence.

Review of operations (continued)

Risks

Factors that may impact the Company's performance include the commercial viability of, and potential delays in the delivery of, new products and technology, delays in the establishing of an effective sales organisation and disruption in the global economy. Some of the risks related to this include:

- Risks of competitors addressing the Company's markets and customers with advanced products with similar or better performance.
- Delays in customer adoption of new products, caused by disruption to, or our inability to provide adequate training and education, collateral materials, application engineering and customer support.
- Risks of delays in new product development, including delayed internal development, slower than expected development by partners, and delays in the integration of our technology with third party providers of intellectual property.
- Risks of delays in new product introductions, including delays to wafer fabrication, assembly of products and test operations.
- Inability to recruit and retain appropriately skilled and experienced human resources in a timely fashion, or at all.

The Company's performance and success are dependent upon the ability to effectively identify, protect and defend its intellectual property through patents or trade secrets. Some of the risks related to this include:

- Risks of intellectual property or other claims, which are costly to defend, and which could result in significant damage awards, and/or limit the Company's ability to use certain technologies in the future.
- Risks of successful intellectual property infringement claims that may have an adverse effect on the Company's consolidated financial position, results of operations, or cash flows.
- Risks that intellectual property infringement protection for the Company's patents, trademarks, trade secrets and copyrights may not be available or feasible in every country in which our products and services could be distributed.
- Risks that all reasonable efforts by the Company to protect proprietary rights may not be sufficient or effective, including risks that intellectual property may not have adequate patent or copyright protection for certain innovations, that the scope of available protections is insufficient, or that an issued patent may be deemed invalid or unenforceable in certain jurisdictions.
- Risks that intellectual property held as trade secrets could be compromised by outside parties, or by our employees.
- Risks that change to government rules governing the export of artificial intelligence-related products and technologies may prohibit the sale of our products or licensing of our technology in some areas of the world.

Other key risks the Company has identified include:

- Risks of an information technology breach that may damage our intellectual property, our reputation, or litigation and potential liability.
- Risks of international operations exposure that could harm our business, operating results, and financial condition, including changes in local political, economic, and foreign currency fluctuations, regulatory, tax, social, labour conditions and health and safety issues, which may adversely harm our business.

Significant events after the balance date

Subsequent to the end of the year, the following events occurred:

Since 1 January 2026 and to the date of this report, 100,000 options and 1,937,962 RSUs held by BrainChip Equity Plan participants converted to shares upon vesting, 1,803,266 options were forfeited and 1,000,000 options expired.

On 13 February 2026, BrainChip announced the initiation of the AKD2500 custom silicon development project, advancing BrainChip's Akida 2.0 neuromorphic architecture into silicon and ensuring customers will be able to evaluate performance of the technology under conditions relevant to modern edge AI deployments. The initial phase of the program will be undertaken through a multi-project wafer ("MPW") pilot development. A number of binding third party agreements have been executed, with development activities for the AKD2500 scheduled across stage milestones over the coming year, including prototype silicon expected in Q3 of 2026 following completion of the MPW cycle. Total budget for the AKD2500 silicon project is estimated at $2.5 million.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Likely development and expected results

It is expected that the Group will further develop the Akida Neuromorphic System-on-Chip (NSoC).

Environmental regulation and performance

The Group is not subject to any significant environmental regulation under Australian Commonwealth of State Law.

Employees

The Group employed 71 employees as of 31 December 2025 (2024: 63).

Securities on Issue

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

Ordinary shares	2,252,751,810
Treasury shares	4,315,896
Options over ordinary shares	44,664,264
Restricted stock units	103,724,160
Performance rights	2,725,828
Service rights	2,093,022

Refer to the section "Significant events after the balance date (above) for movements in the securities from the end of the financial year to the date of this report.

Information on directors

Name:	Antonio J. Viana
Title:	Non-Executive Director and Chair
Qualifications:	Mr Viana holds a Bachelor of Science with Honors from California Polytechnic State University, San Luis Obispo in Industrial and Systems Engineering.
Experience and expertise:	Antonio J. Viana has over 30 years of experience in the global semiconductor industry and has served as a member of our board of directors since 2021. Mr. Viana is also a non-executive director of Arteris (Nasdaq: AIP). He has served on the Arteris board since 2016. At Arteris, he is chairman of the Nominations and Governance Committee and member of both the Audit and Compensation Committees. Recently, Mr. Viana was appointed as a non-executive director of PQShield, a privately-held British cybersecurity company specializing in cryptography solutions for software and hardware. Mr Viana is also a non-executive director of Parsley360, an emerging enterprise-level, empathetic AI, performance optimization provider. Previously, from 2016-2021, Mr. Viana served as the Executive Chairman of QuantalRF, an emerging Swiss RF semiconductor company. In 1999, Mr. Viana joined ARM Holdings, the global leader in semiconductor IP, serving in a number of leadership positions, most notably as the Global Director of the ARM Foundry Program and President of Commercial and Global Development. He was appointed to the ARM executive team as Executive VP of worldwide sales in 2007. At the beginning of 2013, his executive duties were expanded to include all of commercial and global development. Mr. Viana has also worked with Hughes Aircraft, Silicon Graphics, Encore Industries and was Senior VP of worldwide sales at Tensilica Inc.
Other current directorships:	Arteris Inc. (NASDAQ: AIP) - Non-Executive Director (Nov 2016 - present).
Former listed directorships (last 3 years):	None
Special responsibilities	None
Name:	Sean Hehir
Title:	Chief Executive Officer
Qualifications:	Mr Hehir holds a Bachelor of Science from the University of Massachusetts and MBA from Georgia State University.
Experience and expertise:	Mr Hehir has managed large global teams and been responsible for significant revenue growth for global enterprise organisations such as Compaq and HP, as well as smaller, fast-growing companies like Fusion-io. Mr Hehir is industry-recognised as a builder of trusted customer relationships and Strategic Alliances across diverse partners such as Systems Integrators, ISVs, and OEMs.
Other current directorships:	None
Former listed directorships (last 3 years):	None
Special responsibilities	None

Information on directors (continued)

Name:	Duy-Loan Le
Title:	Non-Executive Director
Qualifications:	Ms Le holds a Bachelor of Science in Electrical Engineering from The University of Texas in Austin and an MBA from the University of Houston.
Experience and expertise:	Ms. Le has an impressive professional history, both technologically and in executive management, having retired from Texas Instruments (TI) as a Senior Fellow after 35 years. While at TI, she led global R&D and advanced technology manufacturing from concept to high volume production for TI's multi-billion-dollar memory, DSP, and base station product lines. She has global business experience, including overseeing joint ventures, foundries and OSAT (Outsourced Semiconductor Assembly and Test) partnerships. Ms. Le holds 24 patents and serves on the board of two universities. She is the President and sole partner of DLE Management Consulting LLC, a management consulting firm. Ms Le was inducted into the Women in Technology Hall of Fame (WITI) in 2001, was the first engineer inducted into the Asian Hall of Fame in 2017 and in 2021 was named to "NACD Directorship 100", a recognition by the National Association of Corporate Directors for her excellence in leadership & corporate governance. She received numerous recognitions for her philanthropic contributions worldwide, including Congressional Special Recognition. She currently serves on the Board of two non-profit organisations which promote education and support social economic development projects in the third world.
Other current directorships:	- Wolfspeed, Inc. (NASDAQ: NATI): Non-executive director – Oct 2018 to Sep 2025. - Atomera Inc. (NASDAQ: ATOM) - Non-executive director – Oct 2019 to present - Cirrus Logic Inc. (NASDAQ: CRUS) – Non-executive director – Jul 2023 to present
Former listed directorships (last 3 years):	- National Instruments Corp. (NASDAQ: NATI): Non-executive director – Sep 2002 to Oct 2023 - Ballard Power Systems: (NASDAQ: BLDP) Non-executive director – Feb 2017 to Feb 2023
Special responsibilities	Ms Le is a member of the Company's Remuneration & Nomination Committee and Audit & Governance Committee.
Name:	Peter van der Made
Title:	Non-Executive Director
Qualifications:	Mr van der Made holds a Bachelor of Electronic Engineering in 1973 at the Technical University of Amsterdam and Masters in Computer Science at Rochwell University in 2005.
Experience and expertise:	Mr van der Made has been at the forefront of computer innovation for over 40 years. He is the inventor of a computer immune system at vCIS Technology where he served as Chief Technology Officer, and then Chief Scientist when it was acquired by Internet Security Systems, and subsequently IBM. Previously, he designed a high resolution, high speed colour Graphics Accelerator chip for IBM PC graphics at PolyGraphics Systems. He was the founder of PolyGraphics Systems, vCIS Technology, and BrainChip Inc. He was awarded the Pearcey WA Entrepreneur of the Year, honored at the Incite Awards in July 2024. Mr van der Made previously held the position of Chief Technical Officer (10 September 2015 to 31 December 2023) and Executive Director of BrainChip Holdings Ltd (10 September 2015 to 1 January 2018).
Other current directorships:	None
Former listed directorships (last 3 years):	None
Special responsibilities	None

Information on directors (continued)

Name:	Pia Turcinov AM
Title:	Non-Executive Director
Qualifications:	Ms Turcinov holds a Bachelor of Laws and Bachelor of Arts degrees from the University of NSW and is a Graduate of the Australian Institute of Company Directors. In 2023, Ms Turcinov was appointed as a Member of the Order of Australia in the King's Birthday 2023 Honours List for her significant service to technology, innovation and women in STEM.
Experience and expertise:	Ms Turcinov has more than 30 years of commercial and corporate experience across multiple industries, including technology, energy, resources, consumer goods and professional services. Having practised in corporate, commercial and IP law in NSW and Western Australia, Ms Turcinov transitioned into commercial advisory work in the private and public sectors.
Other current directorships:	Ms. Turcinov is currently a General Partner at Fund WA Pty Ltd. She also holds positions as a Non-Executive Director at the Centre of Decommissioning Australia and the Lyn Beazley Academy. In Q2 of 2025, Ms Turcinov completed her tenure as Chair and Board member of the East Metropolitan Health Service.
Former listed directorships (last 3 years):	None
Special responsibilities	Ms Turcinov is a member of the Company's Audit & Governance Committee and a member and Chair of the Remuneration & Nomination Committee.

Name:	Geoffrey Carrick
Title:	Non-Executive Director
Qualifications:	Mr Carrick is a graduate of the University of Sydney B.Ec, LLB.
Experience and expertise:	Mr Carrick is an experienced capital markets executive, having held the position of Head of Corporate Finance at Shaw and Partners Limited from 2016 through 2019 and Head of Equity Capital Markets at Commonwealth Bank from 2012 – 2015. Prior to joining CBA, Mr Carrick was a senior member of Macquarie Capital's Equity Capital Markets team, from 1999 to 2011. Mr Carrick currently serves as Executive Chairman of VCF Capital Partners Pty Limited and as a Non-Executive Director and Chair of the Risk Management and Audit Committee of SP Jain School of Global Management Pty Limited.
Other current directorships:	None.
Former listed directorships (last 3 years):	SmartPay Holdings Limited (ASX:SMP) - Non-Executive Director (18 May 2022 – 6 November 2025).
Special responsibilities	Mr Carrick is a member of the Company's Remuneration & Nomination Committee and a member and Chair of the Audit & Governance Committee.

Company secretary

Kim Larkin is an experienced business professional with 23 years' experience in the Banking and Finance industries and 6 years as a Company Secretary (in-house) of an ASX300 company. Her experience includes debt and capital raising, risk management, mergers and acquisitions, compliance and governance. Having commenced employment with Boardroom Pty Ltd in April 2013, Ms. Larkin currently acts as Company Secretary to various ASX listed and unlisted companies in Australia and is the Head of Corporate Secretarial Services. Ms Larkin holds a certificate III in Financial Services, Graduate Certificate in Commerce and a Certificate of Banking.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors Meetings		Audit & Governance Committee Meetings [1]		Remuneration & Nomination Committee Meetings [1]	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
A Viana	7	7	-	-	-	-
S Hehir	7	7	-	-	-	-
P van der Made	7	7	-	-	-	-
G Carrick	7	7	6	6	3	3
P Turcinov	7	7	6	6	3	3
D Le	7	7	6	6	3	3

[1] Directors who are not members of the Audit & Governance Committee or Remuneration & Nomination Committee may be invited to attend meetings of the Committees.

Committee Memberships

The Board maintained an Audit & Governance Committee and a Remuneration & Nomination Committee during the year. The membership of each Committee is listed below:

Audit & Governance Committee	Remuneration & Nomination Committee
G Carrick (Chair)	P Turcinov (Chair)
P Turcinov	G Carrick
D Le	D Le

Interests in the equity of the company

As at the date of this report, the interests of the directors in the shares, options and performance rights of the Company were:

Director	Fully Paid Ordinary Shares	Options over Ordinary Shares	Restricted Stock Units	Performance Rights	Service Rights
A Viana	3,000,018	-	-	-	-
S Hehir	3,578,387	-	11,918,679	-	-
P van der Made	156,805,823	-	-	429,302	697,674
G Carrick	187,344	2,500,000	-	-	697,674
P Turcinov	458,825	-	-	-	697,674
D Le	1,347,981	-	-	-	-
Total	165,378,378	2,500,000	11,918,679	429,302	2,093,022

Remuneration Report

Letter from the Remuneration and Nomination Committee (Unaudited)

Dear Shareholders,

The Remuneration & Nomination Committee (Committee) is pleased to present the BrainChip Remuneration Report for the financial year ended 31 December 2025. This year, our focus remained on ensuring that pay outcomes fairly reflect BrainChip's performance while aligning the interests of our global team with those of our shareholders and stakeholders.

Navigating Global Talent Markets

Operating at the frontier of neuromorphic AI innovation, BrainChip's success depends on our ability to attract and retain world-class talent in a rapidly evolving industry. Our talent pool is global. To maintain a competitive advantage, our remuneration strategy must bridge the distinct standards of the Australian and United States markets, particularly as all Executive Key Management Personnel (KMP) reside in the U.S. To retain the architects of our products against headhunting efforts from Silicon Valley and NASDAQ-listed firms, we target the 50th percentile of a dual-geographic peer group. This ensures we secure the specialised expertise necessary to drive global commercialisation and foster a culture of long-term value creation.

Implementing Strategic Improvements

Throughout 2024 and 2025, the Committee and the Board undertook an extensive review to enhance our remuneration framework. A central component of this effort was the 2024 engagement of Korn Ferry as an independent advisor to redesign our executive compensation plan. We have continued to refine this framework by integrating shareholder feedback and actively implementing the findings from this review to ensure our pay program remains transparent, globally benchmarked, and rigorously aligned with shareholder interests.

Key improvements implemented this year include:

- **Increased Rigour in Performance Hurdle Range:** We tightened the performance range for incentives. For the 2025 Short Term Incentives program, the minimum threshold was increased to 80% (up from 50% in 2024) and reducing the maximum potential payout to 120% (down from 150%), ensuring that payouts only occur when a high level of target performance is achieved.
- **Executive Share Ownership:** We introduced formal Executive Minimum Stockholding Guidelines, requiring the CEO and CFO to build and maintain significant equity stakes (five times and three times their base salary, respectively) to ensure they think and act like owners of the Company.

Enhanced Board Accountability

In keeping with our core value of accountability, the Board has adopted a sustained approach to ensure leadership rewards are appropriately paced with strategic progress.

- **Deferral of NED Equity Awards:** To demonstrate the Board's commitment to direct economic alignment with shareholders, Non-Executive Directors (NEDs) elected to defer seeking shareholder approval for the 2024 annual equity grants (valued at A$135,000 per director) at the 2025 AGM. In a continued commitment to proportionate risk-sharing, NEDs have also elected to defer the 2025 awards. Consequently, the Board will not seek shareholder approval at the 2026 AGM for any previously deferred equity from 2024 or the 2025 financial years.
- **NED Minimum Shareholding Policy introduction:** These actions sit alongside the introduction in 2025 of our formal Non-Executive Director (NED) Minimum Shareholding Policy. This policy requires each NED to establish and hold a minimum shareholding equivalent to one year of their base cash remuneration (including superannuation but excluding additional committee fees). Directors are expected to meet this threshold within four years of the policy's approval in February 2023, or within five years for those appointed after that date.

Key 2025 Remuneration Outcomes

Our commitment to pay-for-performance is evidenced by this year's outcomes.

- **CEO Short Term Incentive Outcome:** While the team achieved several critical operational and technical milestones - including progress on our Generation 3 specifications and TENNs Cookbook - the Company fell short of its primary commercial Bookings target. Although Mr Sean Hehir as CEO was eligible for a Short-Term Incentive (STI) of up to 100% of his base salary, no STI was awarded in 2025 because the specific "Bookings" target of $9M was not met. Consequently, Mr Hehir received 0% of his target STI award for 2025.
- **Other KMP STI Outcomes:** Remaining KMPs and employees achieved 35% of their overall STI targets. While the Bookings target was missed, payouts were triggered by meeting operational milestones such as the TENNs cookbook, RTL/model delivery, and the launch of a the new website.
- **Fixed Remuneration Changes:** The CEO's base salary remained unchanged at $450,000. The CFO, Mr Ken Scarince, received a 10.8% salary increase (to $360,000) to reflect increased duties assigned during 2025.
- **Decreased Overall Remuneration:** Total realised remuneration for KMPs decreased significantly to $2,094,935 in 2025, compared to $4,404,643 in 2024.
- **NED Remuneration:** In 2025, NED Fees remained unchanged within an aggregate annual fee pool of $700,000.
- **Directors Change:** There were no director changes in 2025.

The Remuneration & Nomination Committee remains dedicated to a transparent, fair, and globally competitive pay structure that drives BrainChip toward its commercial goals. We believe these 2025 outcomes and governance enhancements demonstrate our responsiveness to your feedback and our unwavering focus on long-term shareholder value.

Thank you for your continued support of BrainChip.

Sincerely,

Pia Turcinov AM, Duy-Loan Le and Geoff Carrick
Remuneration & Nomination Committee

Remuneration Report (Audited)

Report structure

The remuneration report contains the following sections:

1. Remuneration Framework
2. Key Management Personnel (KMP) Scope
3. Remuneration Governance Framework
4. Executive Remuneration – Strategy, Principles and Mix
5. Executive Remuneration Structure
6. Alignment between Remuneration and Company Performance
7. Executive KMPs service agreements
8. Overview of Non-Executive director remuneration
9. Statutory Remuneration Tables
10. Equity instruments granted as part of remuneration
11. Equity instruments disclosure
12. Other transactions and balances with KMP

1. Remuneration Framework

We recognise that BrainChip's long-term success is fundamentally dependent on our ability to sustain innovation, develop our diverse human capital, and maintain the enduring trust and confidence of our shareholders, customers, and employees. Guided by our core values, we reward our global workforce for high performance that is strictly aligned with our business strategy.

The Committee and Board remain resolute in rewarding performance only when defined commercial and strategic metrics are met. Consequently, our pay mix ensures that a significant portion of total remuneration remains "at-risk," making rewards directly dependent on achieving the strategic goals agreed upon by Management and the Board. This high degree of performance-linked pay fosters a culture of accountability and ensures our team remains focused on creating long-term, sustainable results for the Company and its investors.

- **Fixed Annual Remuneration:** This comprises the base cash salary and superannuation or pension, providing the foundation for our globally competitive pay structure.
- **Short-Term Incentive (STI):** This is an "at-risk" cash payment, ranging from 0% to 100% of the base salary, strictly dependent on meeting annual performance hurdles. When earned, it is paid out in the first quarter of the following year.
- **Long-Term Incentives (LTI):** To ensure executives think and act like owners, a significant portion of pay is delivered through equity.
- **Performance-Based Equity:** These "at-risk" Restricted Stock Units (RSUs) only vest if specific three-year performance goals—such as Bookings, Revenue, and Share Price targets, are achieved.
- **Service-Based Equity:** This component promotes leadership stability by requiring the executive to remain with the Group until the vesting date.
- **Initial Employment Grants:** New executives receive a one-time grant that typically vests in equal instalments over a three-year period following their start date.

Our remuneration framework focuses on incentivising delivery against our commercialisation and technology roadmaps to drive sustainable growth and generate long-term value for our shareholders.

Remuneration Report (Audited) (continued)

1. Remuneration Framework (continued)

Our Values

BrainChip's core values serve as the foundation for an honest culture and high standards of ethical behaviour. By grounding our global operations in these principles, we foster a positive reputation within the investment community and deliver a superior experience for both our employees and customers.

Our Value Creation Pillars

Purposeful Innovation	People Powered	Performance Culture	Equitable and Accountable	Value through Transparency
We relentlessly innovate to deliver world-leading products that drive success for our customers and long-term value for shareholders.	We attract, develop, motivate and retain an exceptional global team focussed on market leadership and product excellence	We foster a global culture where quality workmanship and deep engagement are aligned with our long-term strategy.	We ensure all objectives are met with intellectual honesty, professional integrity, and a consistent, unbiased approach.	We drive long-term value by maintaining transparency on our successes and challenges, while utilising market-competitive remuneration and equity ownership to align employee interests with those of our shareholders.

2. Key Management Personnel (KMP) Scope

The Remuneration Report details the remuneration arrangements for KMP, who are those persons who had authority and responsibility for planning, directing, and controlling the major activities of the Group during 2025, including any director of the parent entity. For the purposes of this Remuneration Report, the term 'executive' includes the executive directors and senior executives of the Parent and the Group.

Details of the KMP of the Group are set out below:

Key Management Personnel

Name	Position	Date of appointment	Date of resignation	Country of Residence
Directors				
A Viana	Non-Executive Director	28 Jun 2021	-	USA
S Hehir	Executive Director & Chief Executive Officer	29 Nov 2021	-	USA
D Le	Non-Executive Director	1 Nov 2022	-	USA
P van der Made	Non-Executive Director	10 Sep 2015	-	Australia
G Carrick	Non-Executive Director	23 Nov 2020	-	Australia
P Turcinov	Non-Executive Director	4 Jan 2022	-	Australia
Other Key Management Personnel				
K Scarince	Chief Financial Officer	11 Mar 2019	-	USA

Remuneration Report (Audited) (continued)

3. Remuneration Governance Framework

Remuneration & Nomination Committee

The Board of Directors has overall responsibility for BrainChip's remuneration principles, practices, strategies and approach to ensure they support the Company's business strategy and are appropriate for a listed company given the size and nature of BrainChip's business. The Remuneration & Nomination Committee (R&NC) is responsible for advising the Board on the remuneration of the Board and its committees, amongst other roles.

The following illustrates BrainChip's remuneration governance framework.

Shareholders

Board

The Board reviews, challenges and approves the recommendations of the R&NC around policy, performance, the remuneration arrangements of the Chief Executive Officer, all Executive KMPs and non-executive Directors and the remuneration policies and processes for the wider Group.

Remuneration & Nomination Committee

Members

Pia Turcinov (Chair)
Geoff Carrick
Duy-Loan le

Role

The R&NC assists the Board in establishing the Group's remuneration philosophy, guiding principles and practices for monitoring their effectiveness. The principal objective of the Company's remuneration program is to attract, retain and motivate highly talented individuals who can deliver competitive results and financial returns to our shareholders while accomplishing both our short and long-term plans and goals. The R&NC is specifically tasked with reviewing and making recommendations to the Board in respect of the Group's remuneration policies, short and long-term incentives, and equity remuneration, including the structure and amount of remuneration of Executives and Non-Executive Directors. The R&NC is also responsible for overseeing the succession planning of the Chief Executive Officer and other top executives.

Charter

The R&NC operates under a Charter approved by the Board and regularly conducts a review of its performance, structure, objectives and purpose. The R&NC Charter is available on the Company's website.

External Advisors

The Board and the R&NC may seek advice from independent experts and advisors to ensure our remuneration frameworks remain competitive and aligned with best practices.

In 2025, no remuneration recommendations were provided by remuneration consultants as defined under section 9B of the *Corporations Act (Cth) 2001*. However, in 2024, the Committee retained Korn Ferry as an independent remuneration consultant to review and advise on the design of the Group's executive remuneration plan. This advice, was implemented during 2025 to ensure our remuneration strategy continues to support the Group's strategic goals and long-term success.

Chief Executive Officer and Executives

The CEO makes recommendations to the Committee regarding program design and remuneration levels for KMPs, excluding their own remuneration. The KMPs are responsible for performance and remuneration programs for all other employees.

The CEO and other members of management provide input to the R&NC to assist in establishing the performance objectives.

At the end of the fiscal year, the R&NC reviews and discusses the performance and remuneration of the CEO and makes its recommendations to the Board. The CEO is not part of the R&NC and does not participate in decisions regarding the CEO's remuneration.

Remuneration Report (Audited) (continued)

3. Remuneration Governance Framework (continued)

Remuneration Risk

In reviewing our remuneration policies and practices each year, the R&NC seeks to ensure the executive remuneration program provides an appropriate balance of risk and reward consistent with the risk profile of our Company. The R&NC also seeks to ensure our remuneration practices do not encourage excessive risk-taking behaviour by the executive team. The BrainChip Equity Plan was designed to align executive remuneration with our long-term performance, and to discourage executives from taking excessive risks in order to achieve short-term, unsustainable performance. The Company's BrainChip Equity Plan Forfeiture Conditions and the Share Ownership Guidelines are designed to achieve the same objectives.

All BrainChip's executives, other employees and Directors are subject to our insider trading policy, which prohibits trading in our securities while in possession of material undisclosed information about the Company. Under this policy, such individuals are also prohibited from entering into hedging transactions involving our securities, such as short sales, puts and calls. Furthermore, all Directors and officers of the Company, as well as direct reports to the Chief Executive Officer and other persons identified by the Company from time to time, are only eligible to trade in our securities during prescribed trading windows and subject to the prior approval of the Company's trading officer.

Voting and feedback from Annual General Meeting ('AGM')

At the Annual General Meeting of Shareholders on 21 May 2025, more than 25% of Shareholders voted against the adoption of the 2024 Remuneration Report, which constituted a First Strike for the purposes of s250U of the *Corporations Act (Cth) 2001*. In response to shareholder feedback received at the 2025 Annual General Meeting, the R&NC and the Board have continued to review the approach taken to the Company's overall remuneration framework. Our focus is to ensure that pay remains closely aligned with the Company's strategic progress, financial performance, and current market conditions.

Remuneration Report (Audited) (continued)

4. Executive Remuneration – Strategy, Principles and Mix

The fundamental purpose of BrainChip's Remuneration policy is to develop and maintain an effective remuneration framework that supports a high-performance culture underpinned by accountability, whilst supporting the long-term success of the Company and sustainable value creation for shareholders. BrainChip is making equity a core component of our global remuneration to ensure our employees think and act like owners. By including multi-year vesting shares in our standard pay, we align our team's goals with shareholder interests and the long-term innovation required to meet our commercial objectives.

<table>
<tr><th colspan="3">Remuneration Policy Objectives</th></tr>
<tr><td>Attract, motivate and retain talented and qualified Executives.</td><td>Focus Executives to deliver superior performance</td><td>Align Executive and shareholder interest.</td></tr>
<tr><th colspan="3">Enabled through the Company's Executive Remuneration Framework</th></tr>
<tr><th>Total Fixed Remuneration
(base salary plus superannuation)</th><th>Short-term incentive (STI)</th><th>Long-term Incentive (LTI)</th></tr>
<tr><td>- Remuneration levels must be competitive with our peers in both Australia and the United States in order to attract and retain talent.
- Individual Remuneration is set with regard to the Executive's role and responsibilities, and also the individual's experience and competencies in supporting growth, executive strategy, delivering economic outcomes and build shareholder values.
- Generally, the market medium (50^{th} percentile) is targeted however deviation is possible due to a variety of factors.</td><td>- This component of remuneration is at-risk. The value to the Executive is dependent on the achievement of Company and individual performance targets.
- STI levels are set to ensure remuneration rewards the delivery of BrainChip's operating model.
- STI outcomes are based on a balanced scorecard of target Bookings(1), operational and corporate milestones.</td><td>- LTIs create a strong alignment with long-erm shareholder interests and supports retention.
- LTIs are delivered as (1) initial allocation of RSUs with 1/3 vesting each year on the anniversary of the start date, and (2) RSUs following a 1-year or 3-year performance period with performance criteria.
- Vesting of the LTIs is contingent on achieving performance criteria that are aligned with the creation of long-term shareholder value, being a targeted Bookings value, the conversion of bookings to Revenue and the Company Share Price.
- Target performance includes 'stretch' goals to deliver outcomes beyond the approved business plan.
- The share plan rules give the Company the discretion to lapse or forfeit unvested equity awards under certain conditions.</td></tr>
<tr><th colspan="3">Executive Minimum Stockholding Guideline</th></tr>
<tr><td colspan="3">Introduced in 2025, the Company's Executive Stock Ownership Guideline requires Nominated Executives, including CEO and CFO, to establish and maintain the following beneficial ownership of BrainChip shares:
- CEO minimum shareholding based on five years of the annual cash base remuneration.
- CFO minimum shareholding based on three years of the annual cash base remuneration.
It is expected that the Nominated Executive will meet their minimum shareholding within four years from the approval of the policy on April 2025, and within five years from the commencement of their appointment as a nominated Executive of the Company if appointed after April 2025.
This guideline ensures ongoing alignment with shareholders by requiring the Nominated Executives to hold share beyond vesting until the minimum is achieved.
The Executive Minimum Stockholding Guideline allows the Nominated Executive to sell shares to manage tax liabilities that arise on the vesting of awards. Disposals to manage tax liabilities are encouraged to occur as closely as possible to the end of the deferred taxing point for the relevant award.</td></tr>
</table>

(1) "Bookings" is defined as the aggregate commercial contract value (sales) between the Company and customers.

(2) "Revenue" is defined as gross sales from customers recognised when earned (good delivered or services rendered) and reported in accordance with accounting standards.

Remuneration Report (Audited) (continued)

4. Executive Remuneration – Strategy, Principles and Mix (continued)

Global Talent and Remuneration Philosophy

To succeed as a pioneer in the neuromorphic AI industry, BrainChip must attract and retain world-class talent. Our leadership team provides the specialised expertise and entrepreneurial vision necessary to navigate a transformative technology landscape and drive global commercialisation. Our remuneration framework reflects the vital role these individuals play in delivering market-first innovation and building long-term shareholder value within a highly competitive global sector.

The R&NC is cognisant of the diverse talent markets in which we operate - specifically the distinct remuneration standards of Australia and the United States. We strive to balance these standards to remain competitive in both regions. While our program is heavily weighted toward performance-based outcomes, we also utilise a retention component (through time-vesting Restricted Stock Units or RSUs) in line with U.S. technology sector benchmarks. This mix is critical to securing the finest talent while maintaining a focus on sustained growth.

Our pay mix for Executives and the broader workforce ensures a significant portion of total remuneration is "at-risk." This ensures that rewards are directly dependent on achieving the strategic and commercial goals agreed upon by Management and the Board. By requiring a high degree of performance-linked pay, we foster a culture of accountability and ensure our team remains incentivised to meet our long-term objectives.

The following table shows the remuneration mix for the Executives:

		Remuneration over time		
Remuneration Mix	Description of remuneration awarded in 2025	2026	2027	2028
Fixed Annual Remuneration	Cash base salary plus pension/superannuation	-	-	-
STI	At-risk cash payment of 0% to 100% of base subject to STI, dependent on performance	Paid Q1	-	-
LTI	Service based equity	-	-	Vests Q1
LTI	At-risk performance-based equity, dependent of achievement of performance goals.	-	-	Vests Q1
LTI [(1)]	Initial employment grant – service-based, vesting on anniversary of grant	1/3 vests	1/3 vests	1/3 vests

(1) Upon initial employment, the Executive is granted RSUs which vest on each anniversary of the date of grant over a number of years (from 3-4 years) as agreed by the Board.

5. Executive Remuneration Structure

Fixed Annual Remuneration

The R&NC and the Board review remuneration annually to ensure that there is an appropriate balance between fixed and at-risk performance-related pay and that it reflects both short-term and long-term performance objectives linked to BrainChip's strategy.

Executive	2025 Base ($) [(1)]	2024 Base ($) [(1)]	YoY Change %
• Sean Hehir	450,000	450,000	0.0%
• Ken Scarince [(2)]	360,000	325,000	10.8%

(1) In U.S. dollars. Salary packages are exclusive of superannuation, employee benefits, practices, policies and programs provided by BrainChip.

(2) The Board awarded a salary increase to Mr Scarince, reflective of increased duties assigned to Mr Scarince during 2025. Base salary for this role remained unchanged since the last review in July 2021.

Remuneration Report (Audited) (continued)

5. Executive Remuneration Structure (continued)

Short-term Incentive Program (STI)

The STI program provides cash-based rewards linked to the achievement of rigorous financial, operational, and individual performance milestones. For FY25, the Board intentionally weighted STI potential toward Bookings to align executive incentives with our primary commercial growth objectives.

To ensure we attract and retain the specialised expertise required to lead the neuromorphic AI sector, individual target awards are benchmarked against the geographic regions in which our talent resides. With a significant portion of our workforce and leadership based in the United States, our incentive structures are designed to be competitive within the U.S. technology sector. Consequently, these target levels may exceed traditional Australian benchmarks, reflecting the global competition for the human capital necessary to drive our commercial success.

Executive contracts specify the percentage of the base salary that is subject to the STI target, as listed below:

Executive	2025 Base $	Contractual participation %	Base subject to STI $
• Sean Hehir	450,000	100%	450,000
• Ken Scarince	360,000	50%	180,000

The R&NC approved the STI Scorecard at the start of the year, comprising a set of criteria with weightings which reflect the goals that align with operational and strategic initiatives and priorities. The R&NC implemented a change to the Bookings performance levels in FY25, with the Minimum Award being set at 80% (FY24: 50%) of the Target and the Maximum that could be earned set at 120% of the Target (FY24: 150%). It is the opinion of the R&NC that reducing the range of performance criteria adds further rigor to the performance requirements in our remuneration program.

The R&NC and the Board approved a specific STI for the CEO based solely on the achievement of Bookings of $9M. As this Target was not achieved, no bonus has been awarded to the CEO.

CEO STI Target and Achievement	Target & Weighting	Target achieved
Achieve bookings of $9M prorated between 80% - 120%	100%	0%

The FY 2025 STI performance goals for remaining KMPs (and all other BrainChip employees) comprised of a combination of Bookings and Operational goals are summarised as follows, including the achievement of the goals:

Other KMP and Employees Target required	Target & Weighting	Target achieved
Achieve bookings of $9M prorated between 80% - 120%	60%	0%
RTL / model by end of year	10%	10%
TENNs cookbook by Sep 25	10%	10%
Generation 3 Spec C++ by Nov 25	10%	5%
New website with messaging	10%	10%
TOTAL	100%	35%

In FY25, the Company met various operational and individual objectives but fell short of its Booking Target. Management evaluated the progress made toward specific operational goals to determine achievement levels. Consequently, the Board approved an FY25 STI payout of 35% of target, compared to 52% in FY24.

Remuneration Report (Audited) (continued)

5. Executive Remuneration Structure (continued)

Long-term Incentive Program (LTI)

The objective of the LTIP is to attract and retain key Executives and employees. It is considered that the LTIP, through the issue of shares, share options, performance rights, restricted stock units and service rights ("LTIP equity instruments"), will provide eligible participants with the opportunity to participate in the future growth of the Company.

General terms applying to equity awards

Element	Description
Award Allocation	Each LTI entitles the Executive to one share upon the vesting date, subject to meeting specified service and performance targets.
Performance Period	LTIs can be issued with - a service criterion of 3-years with 1/3 vesting on each anniversary of the grant date. - a performance hurdle with a 3-year performance period with vesting achieved at the end of the performance period based on the weighting of each performance measure in accordance with the vesting schedule provided below.
Performance Measures	Performance criteria approved by the R&NC and the Board are set to align with Company operational goals and the interests of shareholders. Additionally, a portion of the awards are subject to time-based vesting to promote executive retention.
Board discretion	The Board retains sole discretion to determine the amount and form of any award that may vest (if any) to prevent unintended outcomes, or in the event of a corporate restructuring or capital event.
Change of control	The board has discretion to determine the extent to which LTIs vest based on the period elapsed since the start of the performance period and the performance at the time of any change of control event.
Termination	Where employment ceases after the vesting but before the exercise (if applicable) of the LTI equity instrument, unless the eligible participant has been terminated for cause (when their LTI equity instrument will immediately lapse), the LTI equity instrument may generally be exercised by the eligible participant within a period after cessation of employment prescribed either under the applicable Plan or offer documentation, or a longer period as determined by the Board. Any LTIP equity instruments not exercised within such period will automatically lapse and be forfeited, unless otherwise determined by the Board.
Expiry	All RSUs expire on the date after vesting. Unexercised performance rights, services rights and options expire between 4 to 10 years depending upon their grant terms.
Revision	BrainChip does not revise our LTIs over the relevant performance period.
Malus / Clawback	The share plan rules give the Company the discretion to lapse or forfeit unvested equity awards under the LTI and claw back any vested shares or cash paid in certain circumstances. These circumstances include fraud or wilful misconduct, wilful breach of the Company's Code of Conduct, or wilful breach of the individual's terms of employment with the Company (Forfeiture Condition). The BrainChip Equity Plan Rules further stipulates that, in such an event, the surrender and recovery of Share awards held by the participant to the Company may be sold to a third party or subject to a Buy-Back for a nominal consideration.
Minimum Shareholding Requirement	The Company's Minimum Shareholding Requirement requires the CEO and CFO, to build over a four-year period and then maintain a minimum shareholding of BrainChip shares. The Minimum Shareholding Policy does allow the sale of shares to manage arising tax liabilities that occur on the vesting of awards.

Remuneration Report (Audited) (continued)

5. Executive Remuneration Structure (continued)

Long-term Incentive Program (LTI) (continued)

The LTI is designed to align the interests of Executives with the creation of long-term shareholder value. This is achieved through the grant of equity instruments to Executives (and employees in general) to drive a strong alignment with the outcomes desired by shareholders. This is achieved by:

- The number of RSUs granted is approved by the Board and is based on the BrainChip share price using a 60-day VWAP and an average exchange rate;
- The value derived by an Executive is based on the share price at the time of vesting;
- The performance criteria linked to the equity instruments provide for the award of the maximum target when the Company achieves underlying operational growth over a three-year period; and
- The Executive Minimum Stockholding policy (new in 2025) requires Executives to maintain an investment in the Company with the view to generating wealth.

Allocation methodology

During the current financial year, the Board approved the issue of RSUs to Executives under the LTI Plan rules outlined above. The R&NC incorporated external benchmarking to determine a base allocation to Executives in keeping with the Group's remuneration philosophy. The number of RSUs to be issued is calculated by dividing the target LTI amount by the 60-day volume weighted share price prior to the end of the calendar year.

The RSUs will vest over a period of three years subject to the satisfaction of both:

1. A service based vesting condition (the minimum award); and
2. The relevant performance hurdle.

The service based vesting condition for the RSU is that the individual must remain an employee (as defined in the Plan Rules) up to and including the vesting dates for the RSUs.

CEO LTI Performance conditions and periods – 2025 grant

The LTI performance criteria for the RSUs differed between those set for the CEO verses other Executives (and employees). However, the performance period remained the same, being the period from 1 January 2025 to 31 December 2027 with vesting to occur 28 February 2028. The FY2025 performance criteria for the CEO is based solely on the achievement of a designated value of Bookings. Achieving up to 80% of this Bookings value and remaining employed during the performance period will result in only 50% of the Target RSUs being awarded. Alternatively, achieving up to 120% of the Target will result in 150% of the Target RSUs being awarded.

The performance payouts for the CEO based on achieving 80%, 100% and 120% of the approved performance criteria over the three-year performance period, which is not disclosed due to confidentiality reasons, is summarised below:

		Payout linked to Performance Criteria			
CEO Criteria	Weighting	Service Payout (0-80% of Perf Crit)	Target Payout [1] (100% of Perf Crit)	Maximum Payout (120% of Perf Crit)	Performance Period
Bookings	100%	50%	100%	150%	2025-2027

(1) The performance hurdle Target is not disclosed due to confidentiality reasons.

Remuneration Report (Audited) (continued)

5. Executive Remuneration Structure (continued)

Long-term Incentive Program (LTI) (continued)

Other Executive KMP LTI Performance conditions and periods – 2025 grant

The performance criteria for other KMPs (and employees) are dependent upon a designated value of Bookings, Revenue and the Share price achieving a 20% CAGR of 60-day VWAP at the end of the performance period. The performance payouts linked to the performance criteria are summarised below:

		Payout linked to Performance Criteria			
Other KMP Criteria	Weighting	Service Payout (0-80% of Perf Crit)	Target Payout [1] (100% of Perf Crit)	Maximum Payout (120% of Perf Crit)	Performance Period
Bookings	50%	50%	100%	150%	2025-2027
Revenue	40%	50%	100%	150%	2025-2027
		15% CAGR	20% CAGR	25% CAGR	
Share Price [2]	10%	50%	100%	150%	2025-2027

(1) The performance hurdle Target is not disclosed due to confidentiality reasons.

(2) The Share Price Target is based on a 20% CAGR of the 60-day VWAP. CAGR (compound annual growth rate) measures an investment's annual growth rate over a period of time, assuming profits are reinvested at the end of each period). VWAP is the volume-weighted average share price as traded on the Australian Stock Exchange.

Executive KMP LTI "At Risk"

The table below shows the LTI awards granted to the 2025 Executives between 2022 and 2025, the number of RSUs that vested after consideration of the performance criteria ("PC") and the probable and possible vesting of RSUs in the future dependent upon the minimum, target or maximum performance criteria being achieved:

	Number of RSUs granted			Number Vested	Number Probable Vesting		Number Possible Vesting
	Minimum	Target	Maximum	2025	2026	2027	2028
Sean Hehir							
2022 RSUs (PC) – 3yr	432,692	865,384	1,081,730	432,692	-	-	-
2023 RSUs (PC) – 3yr	815,217	1,811,594	2,264,493	-	815,217	-	-
2024 RSUs – 1 yr	1,062,368	-	-	1,062,368	-	-	-
2024 RSUs – 3 yr	2,108,879	-	-	-	-	2,108,879	-
2025 RSUs (PC) – 3 yr	2,515,102	5,030,205	7,545,307	-	-	-	7,545,307
Ken Scarince							
2022 RSUs (PC) – 3yr	400,000	1,000,000	-	400,000	-	-	-
2023 RSUs (PC) – 3yr	545,156	1,090,311	1,362,889	-	545,156	-	-
2024 RSUs (PC) – 1 yr	706,897	1,413,794	1,767,242	735,171	-	-	-
2024 RSUs (PC) – 3 yr	1,413,795	2,827,587	3,534,484	-	-	2,827,587	-
2025 RSUs (PC) – 3 yr	1,217,793	2,641,538	3,653,380	-	-	-	3,653,380

It should be noted that shareholders only approved the minimum award of RSUs to the CEO at the 2024 AGM. No performance criteria were included other than service.

Remuneration Report (Audited) (continued)

6. Alignment between Remuneration and Company performance

Remuneration for all staff is directly linked to the performance of the Group. The overall level of reward is based on the achievement of USD Revenue, Bookings and other corporate objectives as well as the individual performance assessment score. No STI bonus is payable unless the thresholds are met and the ultimate amount payable remains at the discretion of the Board. The vesting of RSUs also includes a portion that is dependent upon the achievement of Bookings, as well as Revenue and Share Price targets, which are crucial factors at this stage of the company's life cycle.

Five-year Company Performance to 2025

A summary of the Group's Executive STI and LTI remuneration and the financial results and movement in shareholder value is presented in the table below for the past five years up to and including the current financial year:

	2025	2024	2023	2022	2021
Revenue in US$ million	$1.89	$0.40	$0.23	$5.07	$1.59
Net loss after tax US$ million	$20.47	$24.43	$28.88	$22.09	$20.98
Loss per share (US cents)	0.96c	1.24c	1.57c	1.24c	1.22c
Net tangible assets US cents per share	1.33c	0.96c	0.83c	1.24c	1.10c
Closing share price AUD	$0.175	$0.390	$0.170	$0.745	$0.680
Closing share price USD	$0.117	$0.242	$0.113	$0.507	$0.494
CEO STI result as a % of maximum target	0%	52%	27.5%	67%	100%
Other KMP and employees STI result expressed as % of maximum target	35%	52%	27.5%	67%	100%
CEO LTI (% vesting of maximum target in year of vesting)	40%	n/a	n/a	n/a	n/a
Other KMP and Employees LTI (average % vesting of maximum target in year of vesting)	41%	n/a	n/a	n/a	n/a

As seen in the above table, Executive STI and LTI remuneration has been awarded below target due to the non-achievement of strategic goals generating share price growth and shareholder value. It should be noted that shareholders only approved the minimum number of RSUs to the CEO in 2024 which vested in 2025 with no performance criteria other than service.

No dividends were issued in the past five years including the current financial year.

Remuneration Report (Audited) (continued)

7. Executive KMP Service Agreements

Details for executive contractual arrangements for KMP are noted below:

Name	Sean Hehir
Title	Chief Executive Officer and Executive Director
Term of agreement	Open agreement with no fixed term
Details	• Salary package of $450,000 plus benefits under health and welfare benefit plans, practices, policies and programmes provided by BrainChip Inc. • Mr Hehir will be eligible for discretionary annual incentive plans, the terms of which are at the absolute discretion of the Board. • Mr Hehir will be eligible to receive a STI payout on such terms and conditions as determined from time to time by the Board. The STI payout may be an amount up to 100% of base salary in respect of each financial year in which he is employed by the Company, subject to performance criteria determined by the Board. • During 2025, no STI was awarded to Mr Hehir due to performance goals not being achieved. An STI payout of $232,283 was paid in March 2025 relating to the 2024 financial year (2024: $123,750 paid related to 2023).
Termination	Termination may occur by 12 months' notice by the Company or Mr Hehir, except that the Company may terminate employment without notice in certain circumstances. On termination of employment by either Mr Hehir or the Company, the Company will pay all fixed remuneration and any statutory entitlements owing to Mr Hehir, and any STI or LTI not vested may be paid or granted at the discretion of the Board.

Name	Ken Scarince
Title	Chief Financial Officer
Term of agreement	Open agreement with no fixed term
Details	• Base fee of $360,000 (2024: $325,000) plus benefits under health and welfare benefit plans, practices, policies and programmes provided by BrainChip Inc. • Mr Scarince will be eligible to receive an STI payout on such terms and conditions as determined from time to time by the Board. • The STI payout may be an amount up to fifty percent (50%) of the base salary in effect at the end of any fiscal year. • $63,438 was accrued in relation to the 2025 STI program for Mr Scarince and was approved by the Board in February 2026. Further, in 2025, an STI payout of $83,880 was paid to Mr Scarince in relation to the 2024 financial year (2024: $44,688 related to 2023).
Termination	Termination may occur at any time with or without cause or notice by either himself or BrainChip Inc. Mr Scarince is entitled to 12 months' severance pay upon termination by BrainChip Inc. at any time without cause. The amount is payable over 12 months from the date of termination.

There are no other formalised KMP employment agreements.

Remuneration Report (Audited) (continued)

8. Overview of Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration for Non-Executive Directors at a level that enables the Company to attract and retain highly skilled directors with exceptional ethical standards and diverse experience from both Australia and the United States, while maintaining a cost that remains competitive.

Remuneration Policy objectives		
Securing, retaining and motivating talented qualified Directors.	Promoting independence and impartiality	Align Director and shareholder interest.
Enabled through the Company's Executive remuneration framework		
Fee levels are set with regards to: - Time commitment and workload. - The risk and responsibility attached to the role. - Experience, skills and expertise. - Market benchmarking in both the United States and Australia.	- Fee levels do not vary according to the performance of the Company or individual Director performance from year to year. Non-executive Directors do not receive performance-based remuneration. - Non-executive Director performance is assessed at the time of their re-election.	- BrainChip encourages its non-executive directors to build a long-term stake in the Company. - Non-Executive Directors are required to acquire and maintain a shareholding in the Company (see below).
Non-Executive Stock Ownership Guideline		
The Company's Non-Executive Stock Ownership Guideline requires non-executive directors to establish and maintain a minimum ownership of BrainChip shares based on five (5) years of the annual base cash remuneration (including superannuation and excluding any remuneration received for work undertaken on any other committee or Chair of the Board. It is expected that the non-executive director will meet their minimum shareholding within four years from the approval of the policy in February 2023, and within five years from the commencement of their appointment as a nominated non-executive of the Company if appointed after February 2023. The Non-Executive Stock Ownership Guideline allows the non-executive director to sell shares to manage tax liabilities that arise on the vesting of awards. Disposals to manage tax liabilities are encouraged to occur as closely as possible to the end of the deferred taxing point for the relevant award.		

Maximum aggregate amount

The Company's constitution and the ASX listing rules specify that the Non-Executive Director fee pool shall be determined from time to time by a general meeting. The last determination was at the Company's 2022 Annual General Meeting, held on 24 May 2022, where shareholders approved an aggregate fee pool of A$700,000 per year.

Remuneration Report (Audited) (continued)

8. Overview of Non-Executive Director Remuneration (continued)

Non-Executive Directors – cash remuneration

Fees paid to non-executive directors are reviewed periodically and are fixed by the Board. With effect from 11 February 2019, each non-executive member receives the following for their time of service with Chair fees paid in addition to Member fees. The following table summarises the fee structure for the main Board and committees, noting that the fees are inclusive of superannuation and denominated in AUD:

	Chair	Member
Board of Directors	A$60,000	A$90,000
Audit & Governance Committee	A$15,000	A$10,000
Remuneration & Nomination Committee	A$15,000	A$10,000

Non-executive directors may also be paid additional fees for special duties or exertions and are entitled to be reimbursed for all business-related expenses.

Non-Executive Directors – equity remuneration

In addition, as outlined in the Notice of Meeting for the 2022 AGM, which was approved by shareholders, each Non-Executive Director will, on appointment, receive an initial grant of Restricted Stock Units, Performance Rights or Service Rights valued at A$400,000 using the average closing share price of the 30 trading days preceding the appointment date. This grant would vest annually on the anniversary of the appointment date over a three-year period. Additionally, each year the Non-Executive Directors will also receive an annual grant at each Annual General Meeting valued at A$135,000 based on the share price, being the volume-weighted average price (VWAP) for the 60 trading days (for shares traded on the ASX) up to and including 31 December annually. This package is based on market data, including guidance provided by a third-party consulting firms specialising in executive and director remuneration retained by the Company in 2021 and 2024.

Consistent with our core value of accountability, the Directors voluntarily deferred A$135,000 in equity awards at the 2024 AGM. This deferral underscores the Board's "skin in the game" and its focus on navigating the Company through its current phase of global commercialisation. The Board remains committed to ensuring that leadership rewards are paced appropriately alongside the achievement of key strategic milestones.

The total remuneration received by each non-executive Director during the reporting period is disclosed in Section 9.

Remuneration Report (Audited) (continued)

9. Statutory Remuneration Tables (continued)

The table below shows the realised remuneration of the Group's KMPs received during 2025:

2025	Short Term			Post-Employment	Share-based Payment [4]		
	Salary and Fees US$	STIP [2] US$	Annual leave US$	Super-annuation US$	Equity Instruments US$	Total US$	Perform-ance related %
Directors							
A Viana	103,090	-	-	-	46,367	149,457	-
S Hehir	457,645	-	34,614	10,500	317,093	819,852	18%
P van der Made [1]	65,259	-	-	-	61,389	126,648	-
G Carrick	80,539	-	-	-	46,367	126,906	-
P Turcinov	80,539	-	-	-	54,502	135,041	-
D Le	70,874	-	-	-	61,053	131,927	-
Other KMPs							
K Scarince	370,144	63,438	28,461	10,500	132,561	605,104	32%
Totals	1,228,090	63,438	63,075	21,000	719,332	2,094,935	

(1) Salary and fees for Mr van der Made includes $7,271 of consulting services as a BrainChip Scientific Board member, of which $2,500 is payable at year end.

(2) STIs payable at year end related to the 2025 performance comprised: Mr Hehir $Nil and Mr Scarince $63,438. STI payouts to executive KMPs during 2025 related to the 2024 performance comprised: Mr Hehir $234,000 and Mr Scarince $84,500.

(4) Share-based payment remuneration represents the current period expense in respect of options and performance rights issued, offset by the value of options and performance rights that have been forfeited during the year. Management has assessed the likelihood of achieving the performance criteria of the 2023 LTI which vest on 28 February 2026 and the 2024 "3-year vest" LTI grants which vest on 28 February 2027. Management has recognised appropriate vesting credits in the current financial year for executive KMPs and employees.

Remuneration Report (Audited) (continued)

9. Statutory Remuneration Tables (continued)

The table below shows the realised remuneration of the Group's KMPs received during 2024:

2024	Short Term			Post-Employment	Share-based Payment [4]		
	Salary and Fees US$	STIP [3] US$	Annual leave US$	Super-annuation US$	Equity Instruments US$	Total US$	Performance related %
Directors							
A Viana	105,429	-	-	-	290,501	395,930	-
S Hehir	457,195	356,033	34,614	10,350	861,817	1,720,009	24%
P van der Made [1]	62,593	-	-	-	(22,125)	40,468	-
G Carrick	82,366	-	-	-	148,606	230,972	-
P Turcinov	82,366	-	-	-	188,123	270,489	-
D Le	72,482	-	-	-	135,750	208,232	-
Other KMPs							
A Mankar [2]	390,494	148,347	11,538	10,350	247,998	808,727	49%
K Scarince	332,195	128,568	24,998	9,210	234,845	729,816	43%
Totals	1,585,120	632,948	71,150	29,910	2,085,515	4,404,643	

(1) Salary and fees for Mr van der Made includes $3,290 of consulting services as a BrainChip Scientific Board member, of which $1,630 is payable at year end.

(2) Mr Mankar retired as Chief Development Officer on 31 December 2024 and ceased being a KMP of the Company. He has continued providing services as a consultant.

(3) STI payouts to executive KMPs during the year related to the 2023 performance comprised: Mr Hehir $123,750, Mr Mankar $51,563 and Mr Scarince $44,688. STIs payable at year end related to the 2024 performance comprised: Mr Hehir $232,283, Mr Mankar $96,784 and Mr Scarince $83,880.

(4) Share-based payment remuneration represents the current period expense in respect of options and performance rights issued, offset by the value of options and performance rights that have been forfeited during the year. Management has assessed the likelihood of achieving the performance criteria of the 2022 and the 2024 "1-year vest" grants which vest on 28 February 2025 and has recognised appropriate vesting credits in the current financial year for Mr Hehir, Mr van der Made, Mr Mankar and Mr Scarince.

Remuneration Report (Audited) (continued)

10. Equity instruments granted as part of remuneration (continued)

Options, performance rights, restricted stock units and service rights linked to performance criteria

	Grant Date	Unit granted	Maximum awarded Number	Vested Number	Cancelled Number	Current holding Number	End of Vesting Period	Fair value per RSU/PR [(1)] US$/unit	Total Fair Value [(3)] US$	Expiry date
S Hehir	25/5/2022	RSU	1,081,730	432,692	649,038	-	28/2/2025	0.81401	880,539	1/3/2025
S Hehir	25/5/2023	RSU	2,264,493	-	-	2,264,493	28/2/2026	0.27801	629,529	1/3/2026
S Hehir	8/5/2025	RSU	7,545,307	-	-	7,545,307	2/3/2028	0.14427	1,088,527	3/3/2028
P van der Made	25/5/2022	PR	1,250,000	333,333	916,667	-	28/2/2025	0.81401	1,017,513	1/3/2025
P van der Made	25/5/2023	PR	1,287,906	-	858,604	429,302	28/2/2026	0.27801	358,038	1/3/2026
K Scarince	29/4/2022	RSU	1,000,000	400,000	600,000	-	28/2/2025	0.70177	702,773	1/3/2025
K Scarince	21/4/2023	RSU	1,362,889	-	-	1,362,889	28/2/2026	0.27801	378,883	1/3/2026
K Scarince	22/5/2024	RSU	1,767,242	735,171	1,032,071	-	28/2/2025	0.1600 [(2)]	282,687	1/3/2025
K Scarince	22/5/2024	RSU	3,534,484	-	-	3,534,484	28/2/2027	0.1663 [(2)]	587,954	1/3/2027
K Scarince	27/6/2025	RSU	3,409,822	-	-	3,409,822	28/2/2028	0.13083	446,005	1/3/2028
K Scarince	27/6/2025	RSU	243,558	-	-	243,558	28/2/2028	0.06993	17,025	1/3/2028

[(1)] The fair value per unit is rounded for disclosure purposes. For details on the valuation of the units issued in the current year, including models and assumptions used, are included in Note 25 of the Financial Report.

[(2)] Weighted average of the fair value per unit of market and non-market performance criteria.

[(3)] Total Fair value is calculated at the date of grant based on the maximum target award.

Remuneration Report (Audited) (continued)

10. Equity instruments granted as part of remuneration (continued)

Options, performance rights, restricted stock units and service rights with no linked performance criteria

RSUs, PRs and SRs over ordinary shares in the Company were provided as remuneration to KMPs during the financial year with no performance conditions other than a service condition of between 1 to 10 years and vesting period in tranches of varying time periods to encourage the retention of staff, as detailed in the table below:

	Grant Date	Unit granted	Awarded Number	Vested Number	Lapsed Number	Current holding Number	End of Vesting Period	Fair value per unit [(1)] US$	Total Fair Value [(2)] US$	Expiry date
A J. Viana	22/5/2024	RSU	-	697,674	-	-	23/5/2025	0.1701	118,674	24/5/2025
S Hehir	22/5/2024	RSU	-	1,062,368	-	-	1/3/2025	0.1701	180,708	2/3/2025
S Hehir	22/5/2024	RSU	-	-	-	2,108,879	1/3/2027	0.1701	358,718	2/3/2027
D-L Le	26/5/2023	RSU	-	154,321	-	-	1/11/2025	0.2780	128,704	2/11/2025
D-L Le	22/5/2024	RSU	-	697,674	-	-	23/5/2025	0.1701	118,674	24/5/2025
P Turcinov	25/5/2022	PR	-	69,125	-	-	25/5/2025	0.8140	168,802	26/5/2025
P Turcinov	25/5/2022	PR	-	204,813	-	-	4/1/2025	0.8140	500,153	5/1/2025
P Turcinov	22/5/2024	SR	-	-	-	697,674	23/5/2025	0.1701	118,674	24/5/2025
G Carrick	22/5/2024	SR	-	-	-	697,674	23/5/2025	0.1701	118,674	24/5/2025
P van der Made	22/5/2024	SR	-	-	-	697,674	23/5/2025	0.1701	118,674	24/5/2025

[(1)] The fair value per unit is rounded for disclosure purposes. For details on the valuation of the units issued in the current year, including models and assumptions used, please refer to Note 25 of the Financial Report.

[(2)] Total Fair value is calculated at the date of grant based on the number awarded.

Remuneration Report (Audited) (continued)

10. Equity instruments granted as part of remuneration (continued)

Options, performance rights, restricted stock units and service rights with no linked performance criteria (continued)

In prior years, options over ordinary shares have been issued to KMPs with no performance criteria other than a service condition of between 1 to 10 years vesting period in tranches of varying time periods. These are listed in the table below:

	Grant Date	Unit granted	Awarded during 2025 Number	Vested during 2025 Number	Exercised during 2025 Number	Forfeited during 2025 Number	Lapsed during 2025 Number	Current holding Number	End of Vesting Period	Fair value per option US$	Total Fair Value US$	Exercise price per option US$	Expiry date
K Scarince	11/3/2019	Options	-	-	-	-	-	10,500,000	11/3/2023	0.0381	381,370	0.047	11/3/2029
K Scarince	23/7/2020	Options	-	-	-	-	-	4,000,000	10/8/2024	0.0794	316,000	0.125	06/8/2030
G Carrick	23/11/2020	Options	-	-	-	-	-	2,500,000	23/11/2024	0.3951	987,736	0.279	27/5/2031

No options over ordinary shares were granted, exercised, forfeited or lapsed for KMPs during the year.

Remuneration Report (Audited) (continued)

11. Equity instruments disclosures

Shareholdings of Key Management Personnel (including nominees)

Shares held in BrainChip Holdings by KMP are summarised as follows:

	Balance at 1 January 2025	Acquired / Disposed	Shares issued as remuneration	Net change other [(2)]	Balance at 31 December 2025
Directors					
A Viana	2,432,344	(130,000)	-	697,674	3,000,018
S Hehir	2,972,017	(888,690)	-	1,495,060	3,578,387
P van der Made	156,805,823	(333,333)	-	333,333	156,805,823
G Carrick	187,344	-	-	-	187,344
P Turcinov	360,218	(175,331)	-	273,938	458,825
D Le	495,986	-	-	851,995	1,347,981
Other KMPs					
K Scarince [(1)]	22,100	(1,135,171)	-	1,135,171	22,100
Total	163,275,832	(2,662,525)	-	4,787,171	165,400,478

(1) Mr Scarince holds 100 BRCHF shares and 300 BCHPY (ADR) shares (which represent 40 BRN shares) on the US stock markets.

(2) This column comprises shares issued on conversion of Restricted Stock Units or Performance Rights.

Options holdings of Key Management Personnel (including nominees)

The table below summarises the options granted to KMPs and exercised during the current year. Refer to section 10 for the terms of the options granted to KMP in the current and prior years. There were no alterations to the terms and conditions of options awarded as remuneration since their award date. No options were lapsed during the current year.

	Balance at 1 January 2025	Granted as remuner-ation	Exercised	Balance at 31 December 2025	Vested and not exercis-able	Vested and exercise-able
Directors						
A Viana	-	-	-	-	-	-
S Hehir	-	-	-	-	-	-
P van der Made	-	-	-	-	-	-
G Carrick	2,500,000	-	-	2,500,000	-	2,500,000
P Turcinov	-	-	-	-	-	-
D Le	-	-	-	-	-	-
Other KMPs						
K Scarince	14,500,000	-	-	14,500,000	-	14,500,000
Total	17,000,000	-	-	17,000,000	-	17,000,000

Remuneration Report (Audited) (continued)

11. Equity Instruments Disclosure (Continued)

Restricted Stock Unit (RSU) holdings of Key Management Personnel (including nominees)

The table below summarises the RSUs granted to KMP and converted to shares during the current year. Refer to section 10 for the terms of the RSUs granted to KMP in the current and prior years. There were no alterations to the terms and conditions of RSUs awarded as remuneration since their award date.

	Balance at 1 January 2025	Granted as remuneration	Converted	Cancelled	Balance 31 December 2025
Directors					
A Viana	697,674	-	(697,674)	-	-
S Hehir	6,517,470	7,545,307	(1,495,060)	(649,038)	11,918,679
P van der Made	-	-	-	-	-
G Carrick	-	-	-	-	-
P Turcinov	-	-	-	-	-
D Le	851,995	-	(851,995)	-	-
Other KMPs					
K Scarince	7,664,615	3,653,380	(1,135,171)	(1,632,071)	8,550,753
Total	15,731,754	11,198,687	(4,179,900)	(2,281,109)	20,469,432

Performance Right (PR) holdings of Key Management Personnel (including nominees)

The table below summarises the PRs granted to KMPs and converted during the current year. Refer to section 10 for the terms of the PRs granted to KMP in the current and prior years. There were no alterations to the terms and conditions of the PRs awarded as remuneration since their award date.

	Balance at 1 January 2025	Granted as remuneration	Converted	Cancelled	Balance at 31 December 2025
Directors					
A Viana	-	-	-	-	-
S Hehir	-	-	-	-	-
P van der Made	1,262,635	-	(333,333)	(500,000)	429,302
G Carrick	-	-	-	-	-
P Turcinov	273,938	-	(273,938)	-	-
D Le	-	-	-	-	-
Other KMPs					
K Scarince	-	-	-	-	-
Total	1,536,573	-	(607,271)	(500,000)	429,302

Remuneration Report (Audited) (continued)

11. Equity Instruments Disclosure (Continued)

Service Right (SR) holdings of Key Management Personnel (including nominees)

The table below summarises the SRs granted to KMPs and converted during the current year. Refer to section 10 for the terms of the SRs granted. There were no alterations to the terms and conditions of the SRs awarded as remuneration since their award date.

	Balance at 1 January 2025	Granted as remuneration	Converted	Net change other	Balance at 31 December 2025
Directors					
A Viana	-	-	-	-	-
S Hehir	-	-	-	-	-
P van der Made	697,674	-	-	-	697,674
G Carrick	697,674	-	-	-	697,674
P Turcinov	697,674	-	-	-	697,674
D Le	-	-	-	-	-
Other KMPs					
A Mankar	-	-	-	-	-
K Scarince	-	-	-	-	-
Total	2,093,022	-	-	-	2,093,022

12. Other transactions and balances with KMP

Mr van der Made – Scientific Advisory Board consulting services

Mr Peter van der Made was engaged to provide consulting services to BrainChip as a member of the Scientific Advisory Board on 22 July 2024 for a period of 12 months commencing 25 July 2024. Consideration awarded to Mr van der Made for such services is A$2,500 per quarter. The contract was renegotiated in July 2025 for a period of 12 months with consideration of US$2,500 per quarter. An amount of US$2,500 was payable at year end.

There were no other transactions with other Key management personnel have been incurred, other than reported above.

End of Audited Remuneration Report.

Corporate governance

The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the 2024 Corporate Governance Statement dated 26 February 2026 released to the ASX and posted on the Company website which outlines the Group's approach to corporate governance and sets out the key charters and policies of the Group.

Indemnification and insurance of directors and officers

During the financial year, the Company paid a premium in respect to a contract of insurance to insure directors and officers of the Company and related bodies corporate against those liabilities for which insurance is permitted under section 199B of the Corporations Act 2001. Disclosure of the nature of the liabilities and the amount of the premium is prohibited under the conditions of the contract of insurance.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, HLB Mann Judd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify HLB Mann Judd during or since the financial year.

Auditor Independence

The Directors received the Independence Declaration, as set out on page 39, from HLB Mann Judd.

Non-audit services

No non-audit services were provided by the entity's auditor, HLB Mann Judd during the current and the prior year.

Signed in accordance with a resolution of the Directors.

Antonio J. Viana

Chair

California, U.S.A., 26 February 2026

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of BrainChip Holdings Limited for the year ended 31 December 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**B G McVeigh**
26 February 2026	**Partner**

hlb.com.au

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Consolidated statement of profit and loss and other comprehensive income

For the year ended 31 December 2025

	Note	2025 US$	2024 US$
Continuing operations			
Revenue from contracts with customers	5	1,887,155	398,011
Cost of goods sold		(1,621,735)	(532,925)
Gross profit/(loss)		265,420	(134,914)
Expenses			
Research & development	6(a)	(9,060,956)	(7,699,968)
Sales & marketing	6(b)	(4,475,841)	(4,605,111)
General & administrative	6(c)	(6,217,293)	(6,113,371)
Share-based payment expense	25(a)	(2,218,151)	(5,450,349)
Operating loss		(21,706,821)	(24,003,713)
Finance income	7(a)	1,342,911	635,246
Finance expense	7(b)	(62,281)	(1,008,048)
Fair value gain through profit and loss	7(c)	33,577	13,575
Loss from continuing operations before income tax		(20,392,614)	(24,362,940)
Income tax expense	9(c)	(78,503)	(68,245)
Net loss for the year		(20,471,117)	(24,431,185)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain on defined benefit plans		16,173	19,066
Items that may be reclassified subsequently to profit or loss (net of tax):			
Exchange differences on translation of foreign operations		230,203	(219,990)
Other comprehensive (loss)/income for the year, net of tax		246,376	(200,924)
Total comprehensive loss for the year, net of tax		(20,224,741)	(24,632,109)
Loss per share attributable to ordinary equity holders of the Company		**US cents per share**	**US cents per share**
Basic loss per share	10	(0.96)	(1.24)
Diluted loss per share	10	(0.96)	(1.24)

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

Consolidated statement of financial position

As at 31 December 2025

	Note	2025 US$	2024 US$
Current Assets			
Cash and cash equivalents	12	31,712,588	20,000,422
Trade and other receivables	13	574,802	947,994
Inventory		355,154	240,723
Other assets		428,482	441,916
Total Current Assets		33,071,026	21,631,055
Non-Current Assets			
Right-of-use assets	14	682,566	894,856
Plant and equipment	15	237,649	346,225
Other assets		156,849	174,962
Total Non-current Assets		1,077,064	1,416,043
TOTAL ASSETS		34,148,090	23,047,098
Current Liabilities			
Trade and other payables	17	1,467,382	1,373,294
Deferred revenue		480,448	48,342
Lease liabilities	19	456,150	454,956
Employee benefits liabilities	18	497,524	456,403
Total Current Liabilities		2,901,504	2,332,995
Non-current Liabilities			
Financial liabilities	20	-	45,455
Lease liabilities	19	360,359	669,914
Defined benefit plan	22	192,234	172,214
Total Non-current Liabilities		552,593	887,583
TOTAL LIABILITIES		3,454,097	3,220,578
NET ASSETS		30,693,993	19,826,520
Equity			
Contributed equity	23(a)	196,674,278	167,800,215
Share-based payments reserve	24	52,387,597	50,169,446
Foreign currency translation reserve	24	267,014	36,811
Accumulated losses		(218,634,896)	(198,179,952)
TOTAL EQUITY		30,693,993	19,826,520

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

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Contributed equity	Share-based payment reserve	Other reserves	Foreign currency reserve	Accumulated losses	Total equity
At 1 January 2024	145,626,256	44,719,097	247,872	256,801	(174,015,705)	16,834,321
Loss for the year	-	-	-	-	(24,431,185)	(24,431,185)
Other comprehensive loss	-	-	-	(219,990)	19,066	(200,924)
Total comprehensive loss for the period	-	-	-	(219,990)	(24,412,119)	(24,632,109)
Transfer of reserves to accumulated losses	-	-	(247,872)	-	247,872	-
Issue of share capital	21,792,953	-	-	-	-	21,792,953
Converted treasury shares	1,407,248	-	-	-	-	1,407,248
Share issue costs	(1,026,242)	-	-	-	-	(1,026,242)
Share-based payment (Note 25(a))	-	5,450,349	-	-	-	5,450,349
At 31 December 2024	167,800,215	50,169,446	-	36,811	(198,179,952)	19,826,520
At 1 January 2025	167,800,215	50,169,446	-	36,811	(198,179,952)	19,826,520
Loss for the year	-	-	-	-	(20,471,117)	(20,471,117)
Other comprehensive loss	-	-	-	230,203	16,173	246,376
Total comprehensive loss for the period	-	-	-	230,203	(20,454,944)	(20,224,741)
Issue of share capital	30,135,327	-	-	-	-	30,135,327
Converted treasury shares	223,626	-	-	-	-	223,626
Share issue costs	(1,484,890)	-	-	-	-	(1,484,890)
Share-based payment (Note 25(a))	-	2,218,151	-	-	-	2,218,151
At 31 December 2025	196,674,278	52,387,597	-	267,014	(218,634,896)	30,693,993

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

Consolidated statement of cash flows

For the year ended 31 December 2025

	Note	2025 US$	2024 US$
Cash flows used in operating activities			
Receipts from customers		2,229,358	232,911
Payments to suppliers and employees		(18,792,625)	(17,369,980)
Interest received		460,497	635,246
Interest paid		(56,903)	(77,078)
Grants and R&D credits received from third parties		782,004	695,199
Income taxes paid		(64,085)	(1,097)
Net cash flows used in operating activities	12	(15,441,754)	(15,884,799)
Cash flows used in investing activities			
Payments for property, plant and equipment		(39,368)	(72,652)
Payments for capitalised development costs		(1,978,395)	-
Net cash flows used in investing activities		(2,017,763)	(72,652)
Cash flows used in financing activities			
Receipts from the issue of shares		30,168,888	22,636,651
Payment of share issue costs		(1,464,778)	(1,033,498)
Receipts from the exercise of unlisted options		227,001	1,435,102
Payment to reduce lease liabilities	19(i)	(538,011)	(442,659)
Net cash flows generated from financing activities		28,393,100	22,595,596
Net increase in cash and cash equivalents		10,933,583	6,638,145
Net foreign exchange differences		778,583	(981,104)
Cash at the beginning of the financial period		20,000,422	14,343,381
Cash and cash equivalents at the end of the period		31,712,588	20,000,422

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Note 1. Corporate information

The annual financial report of BrainChip Holdings Ltd ("BrainChip Holdings" or "Company") and its controlled entities ("Consolidated Entity" or "Group") for the year ended 31 December 2025 was authorised for issue in accordance with a resolution of the Directors on 26 February 2026, California, U.S.A.

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

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

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

Note 2. Summary of material accounting policies

a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis except for certain financial assets and liabilities that have been measured at fair value.

Notwithstanding the operating loss and the net operating cash outflows recognised in the current year, the Directors are confident that the Company will continue operating as a going concern based on the current available cash resources and capital raising obligations of the LDA Capital facility.

The financial report is presented in US dollars, being the functional currency of the Company.

New standards, interpretation and amendments adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

AASB 2021-2 *Amendments to Australian Accounting Standard – Disclosure of Accounting Policies and Definition of Accounting Estimates* makes amendments to various Australian Accounting Standards and AASB Practice Statement 2 *Making Materiality Judgements* change the way in which accounting policies are disclosed in financial reports. The amendments require disclosure of material accounting policy information rather than significant accounting policies and are effective for annual reporting periods beginning on or after 1 January 2023. Accounting policy disclosure has been updated in line with this standard. All other new standards had no material effect.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2025. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent entity and its subsidiaries (the 'Group') as at 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

Note 2. Summary of material accounting policies (continued)

c) Basis of consolidation (continued)

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

d) Foreign currency translation

i) Functional and presentation currency

The functional currency of each entity within the Group is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in United States Dollars which is the functional and presentation currency of the parent entity and the subsidiary, BrainChip Inc. The functional currency of all remaining subsidiaries is the same as their respective local currencies: BrainChip SAS - Euros, BrainChip Research Institute Pty Ltd - AUD and BrainChip Systems India Private Limited - Indian Rupee.

ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences arising from the above policies are recognised in the profit and loss.

iii) Translations of subsidiary Companies' functional currency to presentation currency

The results of non-US$ reporting subsidiaries, if any, are translated into United States Dollars (presentation currency). Income and expenses are translated at the average exchange rates for the month. Assets and liabilities are translated at the closing exchange rate for each balance sheet date. Share capital, reserves and accumulated losses are converted at applicable historical rates.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity. On consolidation, exchange differences arising from the translation of monetary items considered to be part of the net investment in subsidiaries are taken to the foreign currency translation reserve. If a subsidiary were sold, the proportionate share of the foreign currency translation reserve would be transferred out of equity and recognised in the statement of comprehensive income.

Note 2. Summary of material accounting policies (continued)

e) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15. Refer to the accounting policies in section (h) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cashflows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Gains and losses on initial recognition.

When the transaction price of a financial asset differs from the fair value on initial recognition and the fair value is evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets, the difference between the transaction price and fair value is recognised immediately in profit or loss. If fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and recognised in profit or loss when the inputs become observable or when realised through settlement.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the assets is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables and other receivables.

Note 2. Summary of material accounting policies (continued)

e) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument -by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Note 2. Summary of material accounting policies (continued)

e) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3.
- Trade receivables Note 13.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, Convertible Securities recognised as financial liabilities, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss include embedded derivatives designated upon initial recognition as at fair value through profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

Note 2. Summary of material accounting policies (continued)

e) Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

f) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in profit and loss. During the period of development, the asset is tested for impairment annually.

Patents and licences

The Group made upfront payments to purchase patents and licences. The patents have been granted for a period of 20 years by the relevant government agency with the option of renewal at the end of this period.

A summary of the policies applied to the Group's intangible assets is, as follows:

	PATENTS	DEVELOPMENT COSTS
USEFUL LIFE	Finite (5 - 20 years)	Finite (5 - 20 years)
AMORTISATION METHOD	Amortised on a straight-line basis over the period of the patent	Amortised on a straight-line basis over the period of expected future sales from the related project

Note 2. Summary of material accounting policies (continued)

g) Share-based payment transactions

The Group provides benefits to employees, consultants and service providers (including Directors) ("eligible participants") in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The BrainChip Equity Plan ("LTIP") was adopted by shareholders on 10 May 2018. The Company had share options and performance rights that were issued under the plans current at the time of offer (Performance Rights Plan, 2015 Long Term Incentive Plan and Directors and Officers Option Plan) however all new awards post 10 May 2018 have been issued under the LTIP.

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value of options granted is determined by using a Black Scholes model, further details of which are given in Note 25. The fair value of equity instruments with a performance condition linked to a market condition is measured on the date of grant using a Monte-Carlo simulation with multiple implied share price targets.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the eligible participant, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor eligible participant is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Note 2. Summary of material accounting policies (continued)

h) Employee benefits

i) Wages, salaries and annual leave

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

ii) Superannuation

Contributions made by the Group to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

iii) Defined benefit plan

The Group's net obligation in respect of defined benefits plans is calculated by estimating the discounted amount of future benefit that employees have earned in the current and prior periods. The calculation of defined benefit plan obligations is performed annually by a qualified actuary using the projected unit credit method, taking into account staff turnover and mortality probability.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the net defined benefit obligation. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

i) Revenue from contracts with customers

The Group accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of the consideration is probable.

Revenues from license and product sales are recognised when an identified performance obligation is satisfied, and the customer obtains and accepts control of the Company's product. This means that the customer can direct the use, and obtain substantially all of the remaining benefits, from the use of the license and product. Sales of product and licenses generally occur at a point in time, typically upon delivery to the customer. In instances where the Group has significant obligations to maintain or update licences, the revenue is recognised over time.

Revenue from development service is generally recognised as the Company creates or enhances an asset that the customer controls.

The Group determined that the input method is the best method in measuring progress of the development services revenue because there is a direct relationship between the Group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the time lapsed as a percentage compared to total expected service.

Taxes collected from customers relating to product and service sales and remitted to governmental authorities are excluded from revenues. The Company expenses incremental costs of obtaining a contract as and when incurred because the expected amortisation period of the asset that the Company would have recognised is one year or less.

Note 2. Summary of material accounting policies (continued)

j) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a credit on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

k) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided for using the full liability, balance sheet method.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Note 3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

- Revenue from contracts with customers

  Judgement was applied in determining whether applicable contracts were considered a contract with a customer, where goods and/or services are delivered in exchange for consideration, or a co-development agreement where the risks and benefits that result from the activity are shared. In all instances, management concluded that a contract with a customer had been negotiated and AASB 15 was applicable.

  The revenue recognition standard states that if a contract has more than one performance obligation, judgement is required in determining the allocation of the transaction price to each performance obligation (or distinct good and service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

  Determining the performance obligation in a contract comprising license revenue and development service revenue

  The Group determined that both license and development service revenue is capable of being distinct and identifiable in a specific contract, comprising the delivery of the perpetual license and the engineering services provided to specifically enhance the license to the specifications of the customer.

  Determining the timing of satisfaction of the development service revenue

  The Group concluded that development service revenue is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group; BrainChip is enhancing an asset that the customer controls, and the work completed does not create an alternative use to the Group.

  In the absence of clearly identified phases or project milestones that are associated with progress and payments, the Group determined that the input method is the best method in measuring progress of the development services revenue because there is a direct relationship between the Group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

- Share-based payment transactions

  The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by using a Black Scholes model, using the assumptions as discussed in Note 25. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities in the next annual reporting period but may impact expenses and equity.

- Impairment of non-financial assets other than goodwill

  The Group assesses all non-financial assets other than goodwill for impairment at each reporting date by evaluating the carrying value of the asset against the recoverable amount, which is the higher of fair value less costs to sell and its value in use. This requires assessment of conditions specific to the Group and to the particular asset which may lead to an impairment being recognised.

Note 3. Significant accounting judgements, estimates and assumptions (continued)

- Development costs

  The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2025, the carrying amount of capitalised development costs was $Nil (2024: $Nil).

- Defined benefit plan

  The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary growth, mortality rates and employee turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about defined benefit plans are provided in Note 22.

- Fair value measurement of financial instruments

  When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the monte carlo model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 21 for further disclosure.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Note 4. Financial risk management objectives and policies

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

Other than derivatives associated with the Put Option Premium in the previous years, the Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents and receivables from customers.

Note 4. Financial risk management objectives and policies (continued)

Credit risk (continued)

Presently, the Group undertakes technology development activities in the USA, Australia, India and France and is exposed to credit risk from its operating activities (primarily trade and other receivables).

Cash and cash equivalents and investment securities

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other receivables

The Group operates primarily in technology development and has trade receivables. There is risk that these receivables may not be recovered however the Group does not consider this to be likely. The Group reviews the collectability of trade and other receivables on an ongoing basis and measures the expected credit loss at each reporting date (see Note 13).

Credit risk associated with the financial asset is considered low due to its short-term nature and the ability to offset the financial asset against any outstanding liability recognised in relation to the Put Option Premium.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	2025 US$	2024 US$
Cash and cash equivalents	12	31,712,588	20,000,422
Trade and other receivables	13	574,802	947,994

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group completed a capital raise in 2024 and 2025, and entered into a Put Option Agreement in 2020, with amendments agreed in each year from 2021 through to 2025 resulting in cash inflows to the Group in those years.

The following are the contractual maturities of financial assets and liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount US$	Contractual cash flows US$	6 mths or less US$	6-12 mths US$	1-5 years US$
31 December 2025					
Financial Assets					
Trade and other receivables	574,802	574,802	574,802	-	-
	574,802	574,802	574,802	-	-
Financial Liabilities					
Trade and other payables	1,467,382	1,467,382	1,467,382	-	-
Lease liabilities	816,509	739,890	199,472	200,196	340,222
	2,283,891	2,207,272	1,666,854	200,196	340,222

Note 4. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Carrying amount	Carrying amount US$	Contractual cash flows US$	6 mths or less US$	6-12 mths US$	1-5 years US$
31 December 2024					
Financial Assets					
Trade and other receivables	947,994	947,994	947,994	-	-
	947,994	947,994	947,994	-	-
Financial Liabilities					
Trade and other payables	1,373,294	1,373,294	1,373,294	-	-
Financial liabilities	45,455	45,455	-	-	-
Lease liabilities	1,124,870	1,144,890	261,321	251,465	632,104
	2,543,619	2,563,639	1,634,615	251,465	632,104

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group is not exposed to material market risk at period end.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the transacting entity's functional currency. The legal parent, BrainChip Holdings, holds cash balances in AUD. As a result of this, the Group's statement of financial position can be affected by movements in the USD/AUD exchange rate when translating to the USD functional currency.

In respect of other monetary assets and liabilities denominated in foreign currencies (AUD), the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is exposed to foreign currency risk on the derivative liability recognised in the balance sheet.

Equity price risk

The Group is exposed to equity price risk associated with unlisted options.

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in interest bearing accounts.

The Group's exposure to interest rate risk at the balance sheet date was negligible.

Note 4. Financial risk management objectives and policies (continued)

Fair values

Fair values versus carrying amounts

The Group compares the carrying amount and fair values of the Group's financial instruments. Cash and short-term deposits, trade and other receivables, trade and other payables and current financial liabilities are short term in nature. As a result, the fair value of these instruments is considered to approximate their fair value.

Capital Management

Capital managed by the Board includes contributed equity totalling $196,674,278 at 31 December 2025 (2024: $167,800,215). When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Managed capital is disclosed on the face of the Statement of financial position and comprises contributed equity and reserves.

Management may adjust the capital structure to fund the continued development of the Company's pioneering AI technology and keep the Company operational. As the market is constantly changing, management may issue new shares or sell assets to raise cash, change the amount of dividends to be paid to shareholders (if at all) or return capital to shareholders.

During the financial year ending 31 December 2025, management did not pay a dividend and does not expect to pay a dividend in the foreseeable future (31 December 2024: Nil).

The Group encourages employees to be shareholders through the BrainChip Equity Plan.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 5. Revenue from contracts with customers

Revenue is disclosed by type of goods and services and timing of recognition. Refer to Note 11 for the disaggregation of revenue from contracts with customers by geographical region.

	2025 US$	2024 US$
Types of good and services		
Product revenue	64,959	207,108
Development services revenue	1,822,196	190,903
Total revenue from contracts with customers	1,887,155	398,011
Timing of revenue recognition		
Services transferred over time	238,345	98,555
Sale of product and license transferred at a point in time	1,648,810	299,456
Total revenue from contracts with customers	1,887,155	398,011

Note 6. Expenses	2025 US$	2024 US$
(a) Research & development expenses		
Employee expenses	6,076,747	6,541,445
Government grants received [1]	(302,776)	(280,762)
Third party development services	278,919	-
Patent application fees	246,749	145,644
Software/hardware IT expenses	352,722	368,569
Amortisation of intangible assets	-	32,735
Impairment of intangible assets	1,978,395	576,037
Depreciation of plant & equipment	16,264	14,196
Depreciation of right-of-use assets	57,874	68,771
Loss on surrender of lease	97,260	-
Other expenses	258,802	233,333
Total research & development expenses	9,060,956	7,699,968
(b) Selling & marketing expenses		
Employee expenses	3,210,528	3,494,052
Promotional advertising	657,222	664,425
Other expenses	608,091	446,634
Total selling & marketing expenses	4,475,841	4,605,111
(c) General & administration expenses		
Employee expenses	3,284,310	3,493,989
Legal and professional fees	762,319	638,625
Corporate and listing fees	385,335	355,118
Recruiting fees	370,090	109,877
Travel and accommodation expenses	140,543	152,230
Depreciation of plant & equipment	133,631	136,947
Depreciation of right of use assets	344,655	353,759
Impairment of trade receivables	-	29,970
Office rent	21,492	12,529
Software lease and hardware expense	380,066	401,508
Other	394,852	428,819
Total general & administration expenses	6,217,293	6,113,371

[1] The Group recognised research credits from the French and Australian regulatory authorities in accordance with local tax regulations. There are no unfulfilled conditions attached to amounts recognised. The future benefit of losses is dependent upon the realisation of sufficient future taxable income and the relevant conditions for deductibility.

Note 7. Finance income and finance expense	2025 US$	2024 US$
(a) Finance income		
Interest received	484,225	635,246
Foreign exchange gain	858,686	-
Total finance income	1,342,911	635,246
(b) Finance expense		
Other interest expense	62,281	81,636
Foreign exchange loss	-	926,412
Total finance expense	62,281	1,008,048
(c) Fair value gain through profit and loss		
Net gain from financial assets and liabilities measured at fair value through profit and loss (i)	33,577	13,575
Net fair value gain through profit and loss	33,577	13,575

(i) On 22 March 2025, BrainChip submitted a capital call notice to LDA Group, LLC in accordance with the Fourth Amendment to the POA to subscribe for 40 million shares. The formula used to determine LDA Capital's purchase price remains set at 91.5% of the average of the daily Volume Weighted Average Price for each day shares are sold throughout the pricing period. Cash funds were received in two instalments, comprising US$3,831,282 (A$5,835,610) on 15 July 2025, and US$1,570,973 (A$2,392,848) (net of fees) on 25 July 2025 after the call notice was closed on 23 July 2025. The purchase price per capital call share ranged from A$0.1784 to A$0.2562 during the capital call period. A net gain from financial assets and liabilities measured at fair value through the profit and loss of $33,577 was recognised. Refer below for the reconciliation of cash and issued capital.

	2025 US$
Cash received on settlement	5,402,255
Net gain from financial assets and liabilities measured at fair value through the profit and loss (Note 7(c) above)	(33,577)
Foreign currency gain recognised due to timing of cash receipt and closure of capital call.	16
Value of shares issued on exercise of LDA Capital put option premium (Note 23(b))	5,368,694

Note 8. Dividends paid and proposed

No dividends have been paid or declared by the Company during the current or prior financial years or up to the date of this report.

Note 9. Income tax	2025 US$	2024 US$
(a) Major components of income tax expense		
Consolidated income statement		
Current income tax:		
Current income tax expense/(benefit)	78,503	68,245
Tax losses previously not recognised	-	-
Deferred tax asset not recognised	-	-
Income tax (benefit)/expense reported in the statement of comprehensive income	78,503	68,245
(b) Amounts charged or credited directly to equity		
Current income tax related to items charged or credited directly to equity	-	-
Deferred income tax related to items charged or credited directly to equity	-	-
Total research & development expenses	-	-
(c) A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before tax	20,392,614	24,362,940
At statutory income tax rate of 30% (2024: 30%)	(6,117,784)	(7,308,882)
Foreign provision	78,503	49,579
Non-deductible expenses	1,925,732	186,311
Effect of lower/(higher) taxation rates of foreign subsidiaries	(771,235)	53,473
Other	1,034,361	1,976,192
Unrecognised tax losses and deferred income tax assets	3,928,926	5,111,572
Income tax expense reported in statement of profit or loss and other comprehensive income	78,503	68,245
Effective income tax rate	0.38%	0.28%
(d) Deferred tax relates to the following:		
Accrued expenses	206,148	112,996
Tax losses	34,681,238	30,897,818
Share-based compensation	7,435,702	7,775,829
Intangible assets	1,957,139	1,829,790
Other	615,027	349,894
Not recognised	(44,895,254)	(40,966,327)
Net deferred tax liability	-	-
Deferred tax income/(expense)	-	-

(e) Unrecognised losses

At 31 December 2025, there are unrecognised deferred taxes on losses of $34,681,238 (tax effected) (2024: $30,897,818 (tax effected)), and other temporary differences of $10,291,062 (2024: $10,068,510) for the Group.

Note 10. Loss per share	2025 US$	2024 US$
Net loss attributable to ordinary shareholders for basic and diluted earnings per share	(20,471,117)	(24,431,185)
	US cents per share	US cents per share
Basic and diluted loss per share	(0.96)	(1.24)
	Number	Number
Weighted average number of ordinary shares for basic loss per share [(2)]	2,122,036,348	1,964,216,080
Effect of the dilution of share options and performance rights [(1)]	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	2,122,036,348	1,964,216,080

(1) At 31 December 2025, the Company had on issue 46,567,530 share options (2024: 45,418,318), 2,725,828 performance rights (2024: 5,122,329), 105,662,122 restricted stock units (2024: 97,417,448), and 2,093,022 service rights (2024: 2,093,022) that are excluded from the calculation of diluted loss per share for the current period as they are considered anti-dilutive.

(2) Weighted average number of ordinary shares has been adjusted by a factor of approximately 1.02 as a result of rights issued to institutional and sophisticated investors since 2017.

Note 11. Operating segments

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

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

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

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

	2025 US$	2024 US$
Non-current assets		
North America	681,177	1,043,470
Asia Pacific (APAC)	-	187,065
Europe, Middle East & Asia (EMEA)	395,887	185,508
Total	1,077,064	1,416,043
Revenue from external customers		
North America	1,647,775	106,943
APAC	538	-
Europe, Middle East & Asia (EMEA)	238,842	291,068
Total	1,887,155	398,011

Customers representing more than 10% of revenues in the current year amounted to $1,439,478 (2024: $203,301) are based in the USA and comprise product and development services revenues (2024: $60,953 from USA based customers comprising product and development services revenue, and $142,348 from EMEA based customers comprising development service revenue).

Note 12. Cash and cash equivalents	2025 US$	2024 US$
Cash at bank and in hand	31,712,588	19,987,439
Term deposits	-	12,983
Total	31,712,588	20,000,422
Reconciliation of the net loss after tax to net cash flows from operations		
Loss after tax	(20,471,117)	(24,431,185)
Non-cash adjustment to reconcile loss after tax to net cash flows:		
Depreciation	552,424	573,673
Amortisation	-	32,735
Impairment of intangible assets	1,978,395	576,037
Impairment of inventory	-	223,533
Grant revenue recognised	(50,647)	(508)
Share-based payments	2,218,151	5,450,349
Gain from financial liabilities measured at fair value through the profit or loss	(33,577)	(13,575)
Loss on surrender of ROU lease	97,260	-
Interest expense	4,892	4,495
Foreign exchange loss/(gain) - unrealised	(585,179)	944,292
Working capital adjustments:		
Decrease in trade and other receivables	435,715	389,074
(Increase)/decrease in inventory	(114,431)	18,704
Decrease/(increase) in prepayments	2,409	(132,279)
(Increase)/decrease in other assets	(30,650)	27,002
Increase/(decrease) in deferred revenue	432,106	(9,843)
Increase in defined benefits plan	14,731	17,800
Increase/(decrease) in employee provisions	41,121	(96,770)
Increase in trade and other payables	66,643	541,667
	(15,441,754)	(15,884,799)

Refer to Note 21 for changes in liabilities arising from financing activities.

Note 13. Trade and other receivables	2025 US$	2024 US$
Current		
Trade receivables [1]	279,265	179,704
R&D refundable tax offset	254,123	743,839
Other receivables	41,414	24,451
	574,802	947,994

[1] Trade receivables are non-interest bearing and generally on terms of 30-90 days. As at year end, there is no allowance for expected credit loss recorded.

Note 14. Right-of-use assets

	2025 US$	2024 US$
Cost	1,940,908	2,224,324
Accumulated depreciation	(1,258,342)	(1,329,468)
Total	682,566	894,856
Movement in right-of-use assets		
At 1 January	894,856	1,334,641
Additions	278,610	-
Depreciation	(402,529)	(422,530)
Impairment of right of use asset on surrender of lease (refer Note 19)	(93,976)	-
Foreign exchange movements	5,605	(17,255)
At 31 December	682,566	894,856

Note 15. Plant & equipment

Cost	1,177,939	1,150,237
Accumulated depreciation	(940,290)	(804,012)
Total	237,649	346,225
Movement in plant & equipment assets		
At 1 January	346,225	427,737
Additions	51,618	72,652
Depreciation	(149,895)	(151,143)
Write down of plant and equipment on surrender of lease (refer Note 19)	(12,603)	-
Foreign exchange movements	2,304	(3,021)
At 31 December	237,649	346,225

Note 16. Intangible assets

Cost – Patents & licenses with finite useful life	-	1,040,312
Accumulated amortisation	-	(464,275)
Impairment of intangible asset	-	(576,037)
	-	-
Cost – Capitalised development assets	1,978,395	-
Impairment of intangible asset	(1,978,395)	-
Total	-	-
Movement in intangible assets		
At 1 January	-	608,772
Amortisation	-	(32,735)
Additions	1,978,395	-
Impairment of intangible asset	(1,978,395)	(576,037)
At 31 December	-	-

Development costs associated with the AKD1500 incurred in December 2025 were capitalised and the recoverability of the assets was assessed using a 5-year discounted cash flow model, including a pre-tax discount rate of 21.8%, in accordance with the accounting standards. Management concluded that whilst there is confidence that future economic benefits will be derived from this product, the timing of these benefits at this early stage are considered uncertain. As such, management and the Directors have chosen to write the asset down to nil.

Note 17. Trade and other payables	2025 US$	2024 US$
Current		
Trade creditors and accruals	1,467,382	1,373,294
	1,467,382	1,373,294

Note 18. Employee benefits liabilities

Current		
Annual leave liability	497,524	456,403
	497,524	456,403

The nature of the liability is described in Note 2(g).

Note 19. Lease liabilities

Current	456,150	454,956
Non-current	360,359	669,914
Total	816,509	1,124,870
Movement in lease liabilities		
At 1 January	1,124,870	1,594,221
Additions	278,610	-
Reduction in lease liabilities (refer (i) below)	(586,178)	(442,659)
Surrender of lease	(18,411)	-
Foreign exchange movements	17,618	(26,692)
At 31 December	816,509	1,124,870

(i) Surrender of lease

In November 2025, BrainChip surrendered the lease of the Perth, Australia office resulting in a net loss of $97,260, calculated as follows:

	2025 US$
Written down value of ROU asset surrendered	93,976
Written down value of property, plant and equipment surrendered	12,603
Prepaid expenses related to lease	11,025
ROU Liability at date of surrender	(131,960)
Surrender fee	113,549
Foreign exchange movements	(1,933)
Loss on surrender of lease – Note 6(a)	97,260

The payment of the surrender fee was partially satisfied by the release of a bank guarantee of US$48,167 (A$72,113) resulting in total net payments to reduce lease liabilities of $538,011 being reported in the Consolidated Statement of Cashflows.

Note 20. Financial liabilities	2025 US$	2024 US$
Non-current		
Advance from third parties	-	45,455
Total	-	45,455

Movement in Advance from third parties [1]		
At 1 January	45,455	102,914
Forgiveness of liability, offset to non-current other assets	-	(47,165)
Reduction in financial liabilities	(50,647)	(508)
Foreign exchange movements	5,192	(9,786)
At 31 December	-	45,455

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

Note 21. Financial assets & liabilities

Set out below is an overview of financial assets (other than cash and short-term deposits) and financial liabilities held by the Group as at 31 December 2025. Changes in liabilities arising from financing activities are disclosed within individual notes:

	2025 US$	2024 US$
Financial assets at amortised cost		
Trade and other receivables	574,802	947,994
Total financial assets	574,802	947,994
Current	574,802	947,994
Total financial assets	574,802	947,994
Financial liabilities at amortised cost		
Trade and other payables	1,467,382	1,373,294
Financial liabilities		
- Advances from third parties	-	45,455
Total financial liabilities	1,467,382	1,418,749
Current	1,467,382	1,373,294
Non-current	-	45,455
Total financial liabilities	1,467,382	1,418,749

Note 22. Defined benefit plan	2025 US$	2024 US$
Non-current		
Net employee defined benefit liabilities	192,234	172,214
	192,234	172,214

BrainChip SAS has a defined benefit pension plan which is governed by the employment laws of France. Pension plans that are defined benefit schemes (in which the Company guarantees an amount or defined level of benefits) are recognised on the balance sheet based on an actuarial valuation of the obligations at period-end.

This valuation uses the projected unit credit method, taking into account staff turnover and mortality probability.

The defined benefit plan is administered by the French regulatory authority and is legally separated from the Group. The authority is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g., investment, contribution and indexation policies) of the fund.

The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk, and market (investment) risk.

	2025 US$	2024 US$
Movement in net defined benefit liability		
At 1 January	172,214	185,767
Included in profit or loss		
Current services costs	14,731	17,800
Finance costs	4,892	4,495
Included in OCI		
Actuarial (gains)/losses	(15,679)	(22,497)
Foreign exchange movements	16,076	(13,351)
At 31 December	192,234	172,214

Defined benefit obligation

The following were the principal actuarial assumptions at the reporting date:		
Discount rate	3.3%	3.4%
Future salary growth	2.0%	2.0%
Retirement at employee's initiative	45.0%	45.0%
Turnover rate (weighted average)	2.25%	1.23%

Assumptions regarding future mortality have been based on published statistics and morality tables provided by the French government.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Increase US$	Decrease US$
Discount rate (+/-1% movement)	22,449	17,973
Future salary growth (+/-1 % movement)	(18,362)	(22,535)

Although the analysis does not take account of the full distribution of cashflows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Note 23. Contributed equity	2025 US$	2024 US$
(a) Fully paid ordinary shares		
Issued and fully paid	196,674,278	167,800,215
	196,674,278	167,800,215

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

	Number	US$
(b) Movement in ordinary shares on issue		
At 1 January 2024	1,805,814,685	145,626,256
Issue of shares to the Trustee of the BrainChip Equity Plan	20,000,000	-
Value of shares issued in December 2023 to LDA Capital	-	1,618,156
Shares allocated on exercise of LDA Capital put option premium	40,000,000	5,467,744
Value of existing shares held by LDA Capital transferred to underwriter and included as Placement shares	-	1,275,145
Placement shares issued on completion of capital raise	103,245,355	13,006,070
Shares issued on completion of Share Purchase Plan	3,274,604	425,838
Issue of shares to third party on conversion of restricted stock units	133,332	-
Treasury shares issued on conversion of options	-	1,407,248
Share issue costs incurred	-	(1,026,242)
At 31 December 2024	1,972,467,976	167,800,215
Issue of shares to the Trustee of the BrainChip Equity Plan	23,000,000	-
Shares allocated on exercise of LDA Capital put option premium – refer Note 7(c)(i)	40,000,000	5,368,694
Placement shares issued on completion of capital raise (1)	200,000,000	22,790,425
Shares issued on completion of Share Purchase Plan (2)	17,010,075	1,976,208
Issue of shares to third party on conversion of restricted stock units	273,759	-
Treasury shares issued on conversion of options	-	223,626
Share issue costs incurred	-	(1,484,890)
At 31 December 2025	2,252,751,810	196,674,278

(1) On 17th November 2025, BrainChip completed an equity capital raise to professional and sophisticated investors resulting in the issue of 200,000,000 Placement shares raising $22,790,425 (A$35,000,000) and cash received of $21,502,370 (A$33,021,892) after the deduction of fees totalling $1,288,055.

(2) BrainChip also completed a non-underwritten Share Purchase Plan offered to eligible shareholders resulting in the issue of 17,010,075 shares and cash received of $1,976,208 (A$2,976,800).

Note 23. Contributed equity (continued)	2025 Number	2024 Number
(c) Treasury shares		
Fully paid shares issued to the Trustee of the BrainChip Equity Plan ("LTIP")	6,353,858	6,082,693
	6,353,858	6,082,693

The BrainChip Equity Plan (previously named the 2018 Long Term Incentive Plan) (LTIP) was established on 2 August 2018. Certane CT Pty Ltd was appointed the Plan Trustee effective 16 August 2021. The Company issues shares to the Trust at no value to be held available for the conversion of vested options, performance rights, service rights and restricted stock units held by LTIP participants.

	2025 Number	2024 Number
(d) Movement in treasury shares		
At 1 January	6,082,693	11,459,234
Shares issued to the Trust from BrainChip Holdings Ltd	23,000,000	20,000,000
Shares Issued on exercise of share options	(1,450,000)	(15,925,000)
Shares issued by Trustee on conversion of performance rights	(1,182,808)	(742,958)
Shares Issued on conversion of restricted stock units	(20,096,027)	(8,708,583)
At 31 December	6,353,858	6,082,693

(e) Equity instruments issued as share based payments

Unissued ordinary shares in the form of options, restricted stock units, performance rights and services rights are issued to participants of the BrainChip Equity Plan or directly to third parties at the discretion of the Board. These unissued ordinary shares are summarised as follows:

	2025 Number	2024 Number
Unlisted options – refer note 25 (c)	46,567,530	45,418,318
Unlisted performance rights – refer note 25 (e)	2,725,828	5,122,329
Unlisted restricted stock units – refer note 25 (g)	105,662,122	97,417,448
Unlisted service rights – refer note 25 (i)	2,093,022	2,093,022
	157,048,502	150,051,117

Note 24. Reserves

	2025 US$	2024 US$
Foreign currency reserve	267,014	36,811
Share-based payment reserve	52,387,597	50,169,446
Total	52,654,611	50,206,257

Movement in reserves

Consolidated	Foreign currency US$	Share-based payment US$	Other equity US$	Total US$
At 1 January 2024	256,801	44,719,097	247,872	45,223,770
Share-based payments	-	5,450,349	-	5,450,349
Translation of foreign operations	(219,990)	-	-	(219,990)
Transfer of reserves to accumulated losses	-	-	(247,872)	(247,872)
At 31 December 2024	36,811	50,169,446	-	50,206,257
Share-based payments	-	2,218,151	-	2,218,151
Translation of foreign operations	230,203	-	-	230,203
At 31 December 2025	267,014	52,387,597	-	52,654,611

Nature and purpose of reserves

Share-based payment reserve
The share-based payment reserve is used to record the value of share-based payments provided to Directors, employees and third parties as part of their remuneration.

Other equity reserve
This reserve arises from the issue of shares in BrainChip Holdings Ltd to extinguish the liability owing to Convertible Securities holders in BrainChip Inc., on 10 September 2015. This reserve has been transferred to accumulated losses in the prior year.

Foreign currency translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Note 25. Share-based payments	2025 US$	2024 US$
(a) Share-based payment expense:		
Equity instruments issued to third parties	111,775	110,922
Equity instruments issued under the BrainChip Equity Plan	5,289,130	9,424,480
Vesting credit recognised [1]	(3,182,754)	(4,085,053)
Total share-based payment expense	2,218,151	5,450,349

[1] Management assessed the likelihood of achievement of certain performance conditions and recognised a vesting credit in the current year where it is not considered probable that the vesting conditions will be met.

(b) BrainChip Equity Plan

The BrainChip Equity Plan (LTIP) (previously named the 2018 Long Term Incentive Plan) was adopted by shareholders in May 2018. Options issued under the 2015 LTIP remain exercisable until their expiry.

The objective of the LTIP is to attract and retain key employees and consultants. It is considered that the LTIP, through the issue of equity instruments, will provide selected employees and consultants with the opportunity to participate in the future growth of the Company. Equity instruments offered under the LTIP must be offered at no more than a nominal value and under terms to be determined by the Board from time to time. It is not the intention of the Company to apply for quotation of any of the equity instruments which are issued under the LTIP.

(c) Share options granted as share-based payments:

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

	2025 Number	2025 WAEP US$	2024 Number	2024 WAEP US$
At 1 January	45,418,318	0.183	63,451,314	0.163
Granted during the period	5,572,380	0.135	7,036,661	0.177
Exercised during the period	(1,450,000)	(0.182)	(15,925,000)	(0.095)
Forfeited during the period	(1,422,721)	(0.219)	(5,801,324)	(0.193)
Lapsed during the period	(1,550,447)	(0.405)	(143,333)	(0.389)
Expired during the period	-	-	(3,200,000)	(0.169)
At 31 December	46,567,530	0.169	45,418,318	0.183
Exercisable (vested and unrestricted) at the end of the period	35,683,940	0.170	36,124,114	0.168

The weighted average remaining contractual life for the share options outstanding at year end is 5.247 years (2024: 6.133 years).

The weighted average fair value of options granted during the year was $0.109 (2024: $0.130).

The range of exercise prices for options at year end was $0.038 to $0.663 (2024: $0.038 to $0.663).

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

Note 25. Share-based payments (continued)

(c) Share options granted under the BrainChip Equity Plan:

Set out below are summaries of options on issue under the BrainChip Equity Plan:

Grant date	Expiry date	Exercise price	Balance at start of year	Granted	Exercised	Expired/ forfeited/ lapsed	Balance at end of year
31/5/2017 (3)	1/2/2025	0.182	1,450,000	-	(1,450,000)	-	-
31/5/2017 (3)	1/2/2026	0.182	1,000,000	-	-	-	1,000,000
5/3/2018 (5)	13/3/2028	0.147	1,603,000	-	-	-	1,603,000
5/3/2018 (1)	13/3/2028	0.171	200,000	-	-	-	200,000
30/4/2018 (1)	8/6/2028	0.136	443,138	-	-	-	443,138
11/3/2019 (4)	13/3/2029	0.047	10,500,000	-	-	-	10,500,000
18/3/2019 (5)	18/3/2029	0.042	207,976	-	-	-	207,976
13/6/2019 (1)	30/5/2029	0.037	2,000,000	-	-	-	2,000,000
10/8/2020 (6)	6/8/2030	0.125	6,850,000	-	-	-	6,850,000
7/10/2020 (1)	7/10/2030	0.250	600,000	-	-	-	600,000
3/12/2020 (1)	3/12/2030	0.256	2,225,000	-	-	-	2,225,000
07/12/2020 (1)	7/12/2030	0.262	2,900,000	-	-	-	2,900,000
09/4/2021 (1)	9/4/2031	0.446	280,000	-	-	-	280,000
09/4/2021 (1)	9/4/2031	0.411	2,500,000	-	-	(1,500,000)	1,000,000
04/6/2021 (1)	04/6/2031	0.460	1,000,000	-	-	-	1,000,000
23/11/2020 (7)	27/5/2031	0.279	2,500,000	-	-	-	2,500,000
10/8/2021 (1)	10/8/2031	0.400	390,000	-	-	-	390,000
20/4/2022 (2)	21/4/2032	0.711	450,000	-	-	-	450,000
28/4/2022 (8)	28/4/2032	0.659	197,000	-	-	(118,200)	78,800
18/9/2022 (2)	19/9/2032	0.618	300,000	-	-	-	300,000
21/4/2023 (9)	21/4/2033	0.278	1,309,898	-	-	-	1,309,898
18/8/2023 (2)	17/8/2033	0.214	480,000	-	-	(120,000)	360,000
20/5/2024 (8)	20/5/2034	0.177	2,010,768	-	-	(1,184,742)	826,026
20/5/2024 (10)	20/5/2034	0.177	4,021,538	-	-	(50,226)	3,971,312
11/2/2025 (2)	16/12/2034	0.179	-	270,000	-	-	270,000
27/6/2025 (11)	27/6/2035	0.131	-	4,407,556	-	-	4,407,556
30/6/2025 (11)	30/6/2035	0.130	-	314,824	-	-	314,824
18/7/2025(2)	26/5/2035	0.123	-	300,000	-	-	300,000
18/7/2025(2)	19/5/2035	0.123	-	280,000	-	-	280,000
			45,418,318	5,572,380	(1,450,000)	(2,973,168)	46,567,530

(1) Issued to employees and consultants vesting equally over 4 years on each grant date anniversary.
(2) Issued to employees and consultants vesting equally over 3 years on each grant date anniversary.
(3) Issued to Directors, of which 25% of the options vest on each anniversary date of the offer date (1 February 2017) and expire five years from each vesting date.
(4) 7,500,000 options vest on the first grant date anniversary, with 1/36th monthly thereafter; 2,500,000 options will vest each grant date anniversary.
(5) 7,500,000 options vest on the first grant date anniversary, with 1/36th monthly thereafter; 3,000,000 options will vest each anniversary of the grant date.
(6) Options vest on the 4th anniversary of the grant date.
(7) 2,500,000 unlisted options were issued to a Non-executive director, of which 25% of the options vest on each anniversary date of the offer date (23 November 2020) and expire 27 May 2031.
(8) Options vest on 28 Feb 2025 upon the achievement of performance criteria.
(9) Options vest on 28 Feb 2026 upon the achievement of performance criteria
(10) Options vest on 28 Feb 2027 upon the achievement of performance criteria
(11) Options vest on 28 Feb 2028 upon the achievement of performance criteria

Note 25. Share-based payments (continued)

(d) Options pricing model

The fair value of the equity-settled share options granted under the LTIP is estimated on the date of the offer of the grant using a Black Scholes Option Pricing model. Share options granted with market conditions ("MC") are valued using a Monte-Carlo simulation. The following table lists the inputs to the models used for the valuation of options during the current and prior years:

	Number of options	Fair value at measurement date US$	Share price at grant date US$	Exercise Price US$	Expected volatility (%)	Risk-free interest rate (%)	Expected life of options in years
2025							
Employees	270,000	0.171	0.188	0.179	100.0	4.30	9.85
Employees	1,574,128	0.107	0.127	0.131	84.0	3.26	10.0
Employees	2,833,428	0.107	0.127	0.130	84.0	3.26	10.0
Employees - MC	314,824	0.053	0.127	0.130	84.0	3.26	10.0
Employees	300,000	0.123	0.147	0.147	84.0	3.26	10.0
Employees	280,000	0.123	0.147	0.147	84.0	3.26	10.0
2024							
Employees	6,473,724	0.152	0.167	0.177	100.0	4.41	10.0
Employees - MC1	187,645	0.056	0.167	0.177	100.0	4.41	10.0
Employees - MC2	375,292	0.083	0.167	0.177	100.0	4.41	10.0

The expected dividend yield for all options granted during the period was nil. The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(e) Performance rights granted as share-based payments

The following table summarises the movement in Performance Rights issued as share-based payments:

	2025 Number	2024 Number
At 1 January	5,122,329	4,234,609
Issued during the year	907,070	2,777,022
Converted during the year	(1,182,808)	(742,958)
Cancelled during the year	(2,120,763)	(1,146,344)
At 31 December	2,725,828	5,122,329

(f) Performance rights valuation model

The fair value of the performance rights granted under the LTIP is estimated using the share price and the exchange rate on the date of the offer of the grant. Performance rights granted with market conditions ("MC") are valued using a Monte-Carlo simulation. The following table lists the fair value of performance rights issued during the current and prior years:

	Number granted	Grant date	Fair value US$
2025			
Employees	846,599	27/6/2025	0.131
Employees - MC	60,471	27/6/2025	0.070
2024			
Employees	2,094,859	20/5/2024	0.167
Employees - MC1	60,721	20/5/2024	0.101
Employees - MC2	121,442	20/5/2024	0.110

Note 25. Share-based payments (continued)

(g) Restricted Stock Units granted as share-based payments

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

	2025 Number	2024 Number
At 1 January	97,417,448	39,049,960
Issued during the year under LTIP	64,793,050	81,574,600
Converted under LTIP	(20,096,027)	(8,708,583)
Cancelled under LTIP	(37,936,214)	(15,629,165)
Issued during the year to third parties (non-LTIP)	4,323,079	1,397,302
Converted during the year to third parties (non-LTIP)	(273,759)	(133,332)
Cancelled during the year to third parties (non-LTIP)	(2,565,455)	(133,334)
At 31 December	105,662,122	97,417,448

(h) Restricted Stock Units valuation model

The fair value of the restricted stock units granted is estimated using the share price and exchange rate on the date of the offer of the grant. RSUs granted with market conditions ("MC") are valued using a Monte-Carlo simulation. The RSUs are subject to various vesting periods effective from date of grant. The following table lists the fair valuation of the RSUs issued during the current and prior years:

	Number granted	Grant date	Fair value US$
2025			
Employees	87,500	10/2/2025	0.188
Employees	1,165,000	21/3/2025	0.135
Employees	1,500,000	21/4/2025	0.176
Director	7,545,307	7/5/2025	0.144
Employees	4,688,000	10/6/2025	0.147
Employees	40,541,442	27/6/2025	0.131
Employees - MC	2,895,801	27/6/2025	0.070
Contractor	3,808,206	27/6/2025	0.131
Contractor - MC	164,873	27/6/2025	0.070
Employees	1,000,000	18/7/2025	0.147
Employees	4,720,000	11/9/2025	0.125
Employees	350,000	11/9/2025	0.125
Contractor	350,000	3/10/2025	0.132
Employees	300,000	28/11/2025	0.117
2024			
Employees	6,483,210	30/4/2024	0.189
Employees	54,674,470	20/5/2024	0.167
Employees – MC1	1,572,775	20/5/2024	0.083
Employees – MC2	3,117,550	20/5/2024	0.110
Contractors	1,397,302	20/5/2024	0.167
Directors	4,566,595	22/5/2024	0.170
Employees	260,000	3/7/2024	0.144
Employees	3,750,000	14/8/2024	0.116
Employees	6,000,000	12/9/2024	0.110
Contractor	400,000	24/9/2024	0.116
Employees	750,000	29/11/2024	0.166

Note 25. Share-based payments (continued)

(i) Service rights granted as share-based payments

The following table summarises the movement in Service Rights issued as share-based payments:

	2025 Number	2024 Number
At 1 January	2,093,022	-
Issued during the year	-	2,093,022
At 31 December	2,093,022	2,093,022

The 2024 service rights vested on 23 May 2025, however, can be exercised at the discretion of the participant at any time after the vesting and before the expiry date.

(j) Service rights valuation model

The fair value of the service rights granted under the BrainChip Equity Plan is estimated using the share price and the exchange rate on the date of the offer of the grant. The following table lists the fair value of service rights issued during the prior year:

	Number Issued	Grant date	Fair value US$
2024			
Directors	2,093,022	26/5/2024	0.170

Note 26. Contingent assets & liabilities

The Group had no contingent assets or liabilities at 31 December 2025 (31 December 2024: $Nil).

Note 27. Events after the balance sheet date

Subsequent to the end of the year, the following events occurred:

Since 1 January 2026 and to the date of this report, 100,000 options and 1,937,962 RSUs held by BrainChip Equity Plan participants converted to shares upon vesting, 1,803,266 options were forfeited and 1,000,000 options expired.

On 13 February 2026, BrainChip announced the initiation of the AKD2500 custom silicon development project, advancing BrainChip's Akida 2.0 neuromorphic architecture into silicon and ensuring customers will be able to evaluate performance of the technology under conditions relevant to modern edge AI deployments. The initial phase of the program will be undertaken through a multi-project wafer ("MPW") pilot development. A number of binding third party agreements have been executed, with development activities for the AKD2500 scheduled across stage milestones over the coming year, including prototype silicon expected in Q3 of 2026 following completion of the MPW cycle. Total budget for the AKD2500 silicon project is estimated at $2.5 million.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Note 28. Auditor's remuneration	2025 US$	2024 US$
Amounts received or due to be receivable by HLB Mann Judd for:		
An audit or review of the financial reports of the entity	70,324	59,644
	70,324	59,644
Amounts received or due and receivable by non-HLB Mann Judd (WA Partnership) for:		
An audit or review of the financial report of the entity	11,413	10,819
	11,413	10,819

Note 29. Related party disclosures

Parent entity

The ultimate legal parent entity of the Group is BrainChip Holdings Ltd.

Subsidiaries

The consolidated financial statements include the financial statements of BrainChip Holdings and the subsidiaries listed in the following table:

	Country of incorporation	Beneficial interest 2025	2024
Subsidiaries of BrainChip Holding Ltd			
BrainChip Inc.	USA	100%	100%
BrainChip Research Institute Pty Ltd	Australia	100%	100%
Subsidiaries of BrainChip Inc.			
BrainChip SAS	France	100%	100%
BrainChip Systems India Private Limited (1)	India	100%	100%

(1) BrainChip Holdings Ltd holds 1%, and BrainChip Inc. holds 99%, of the shares of BrainChip Systems India Private Limited, effective from 22 July 2020.

Other entities

The consolidated financial statements include the BrainChip Equity Plan (previously the BrainChip Long Term Inventive Plan Trust), an entity executed on 2 August 2018 and controlled by BrainChip Holdings. The Company appointed Certane CT Pty Limited as the Plan Trustee on 3 August 2021.

Key management personnel compensation:

	2025 US$	2024 US$
Short-term employee benefits	1,375,603	2,319,128
Share-based payment expense	1,563,374	4,162,760
Share-based payment vesting credit	(844,042)	(2,077,245)
	2,094,935	4,404,643

Key Management Personnel received restricted stock units and service rights to the value of $1,563,374 (2024: $4,162,760). Management assessed the likelihood of achievement of the performance conditions related to the maximum award of grants for executive KMP that vest on 28 February 2025 and 28 February 2026, and determined that a vesting credit of $844,042 should be recognised in the current year (2024: $2,077,245).

Related party transactions with KMPs of the Group:

Mr van der Made – Scientific Advisory Board consulting services

Mr Peter van der Made was engaged to provide consulting services to BrainChip as a member of the Scientific Advisory Board on 22 July 2024 for a period of 12 months commencing 25 July 2024. Consideration awarded to Mr van der Made for such services is A$2,500 per quarter. The contract was renegotiated in July 2025 for a period of 12 months with consideration of US$2,500 per quarter. An amount of US$2,500 was payable at the end of the year.

There were no other related party transactions with KMPs of the Group.

Transactions with other related parties:

There were no transactions with other related parties.

Loans to/from related parties:

There were no outstanding loans arising to or from related parties (31 December 2024: $Nil).

Note 30. Parent entity information	2025 US$	2024 US$
Information relating to BrainChip Holdings Ltd:		
Current assets	12,956,342	17,362,460
Non-current assets	17,857,078	-
Total assets	30,813,420	17,362,460
Current liabilities	119,962	854,766
Total liabilities	119,962	854,766
Net assets	30,693,458	16,507,694
Issued capital	221,926,437	193,419,222
Other contributed equity	2,025,617	2,025,617
Share-based payment reserve	72,232,230	67,812,007
Option premium reserve	480,731	480,731
Accumulated losses	(265,971,557)	(247,229,883)
Net equity	30,693,458	16,507,694
Net loss of the parent entity [1]	22,304,056	26,650,090
Total comprehensive loss of the parent entity	22,304,056	26,650,090

(1) At the reporting date investments and loans receivable from controlled entities net of provision for impairment totalled $17,857,078 (2024: $Nil). Impairment expense of $19,257,128 (2024: $20,324,078) was recognised for the year ended 31 December 2025.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries: Nil

Contingent liabilities of the parent entity: Nil

Contractual commitments by the parent entity for the acquisition of property, plant or equipment: Nil

Basis of preparation

The consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of the tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.
In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance.

Foreign tax residency

Where appropriate, independent tax advisers have been engaged to assist in the determination of tax residence to ensure applicable foreign tax legislation has been complied with.

Name of entity	Entity type	Trustee, partner or JV participant	Country of incorporation	Ownership interest	Australian resident?	Foreign jurisdiction(s)
BrainChip Holdings Ltd	Body Corporate	n/a	Australia	n/a	Yes [1]	USA [1]
BrainChip Inc.	Body Corporate	n/a	USA	100%	No	USA
BrainChip Research Institute Pty Ltd	Body Corporate	n/a	Australia	100%	Yes	n/a
BrainChip SAS	Body Corporate	n/a	France	100%	No	France
BrainChip Systems India Private Limited	Body Corporate	n/a	India	100%	No	India
BrainChip Equity Plan [2]	Trust	Yes	Australia	0%	Yes	n/a

(1) Dual tax resident under the domestic tax laws of Australia and the USA. The relevant Tax Treaty does not have a tie breaker rule on residency.

(2) BrainChip Equity Plan is controlled by BrainChip Holdings Ltd. Certane CT Pty Ltd is the appointed Trustee.

Directors' declaration

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

In the opinion of the Directors:

(a) the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2(b) to the financial statements;

(c) The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial year ended on that date;

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(e) the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Board.

Antonio J. Viana

Chair

California, U.S.A., 26 February 2026

INDEPENDENT AUDITOR'S REPORT
To the Members of BrainChip Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BrainChip Holdings Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the key audit matter
Financial instruments Refer to Note 7, 23	
During the period, the Group continued to drawdown on their Put Option Agreement with LDA Capital Limited and LDA Captial LLC (together LDA Capital). The accounting treatment, classification and valuation of the financial instruments was complex due to the significant judgements involved in identifying and valuing the possible derivative asset and derivative liability at balance date.	Our procedures included, but were not limited to the following: – Examining the original and extension agreements to understand the key terms and conditions; – Evaluating the Group's accounting treatment of the financial instruments in accordance with the applicable Australian Accounting Standards; – Assessing the adequacy of management's expert who was engaged to perform the valuations and assess the accounting treatment; – Testing the calculation of the fair value movements on the financial instruments; and – Assessing the adequacy of the presentation and disclosure in the financial statements, including whether the classification and disclosures were presented in accordance with the applicable Australian Accounting Standards.
Intangible assets Refer to Note 16	
In accordance with AASB 136 *Impairment of Assets*, the Group was required to assess at balance date whether there was any indication that the intangible assets may have been impaired. If any such indication existed, the Group was required to estimate the recoverable amount of the asset. As a result of this assessment, the Group determined that their intangible assets were impaired. We focused on this area as the intangible assets represent significant assets of the Group. We planned our work to address the audit risk that the intangible assets may have been impaired.	Our procedures included, but were not limited to the following: – We reviewed management's assessment of whether any impairment indicators existed that would require the assets to be tested for impairment, as well as performing our own assessment; – We critically evaluated the assumptions used in management's value-in-use model; – We reviewed the mathematical accuracy of the value-in-use model; – We performed sensitivity analyses around the key inputs used in the model; – We ensured that the Group's impairment expense had been recognised appropriately; and – We ensured that the disclosures required by AASB 138 were made in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

(b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(b) the consolidated entity disclosure statement that is true and correct and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 31 December 2025.

In our opinion, the Remuneration Report of BrainChip Holdings Limited for the year ended 31 December 2025 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
26 February 2026

Additional shareholder information

As at 28 January 2026

(a) Top 20 Shareholders

	Number of Shares	%
CITICORP NOMINEES PTY LIMITED	161,414,079	7.165
BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	160,092,773	7.107
MR PETER ADRIAN VAN DER MADE	156,805,823	6.961
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	119,019,010	5.283
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	94,122,174	4.178
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	71,521,080	3.175
BNP PARIBAS NOMS PTY LTD	69,130,267	3.069
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	22,645,052	1.005
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	18,829,752	0.836
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	17,770,631	0.789
CERTANE CT PTY LTD <BRAINCHIP LTIP ALLOC A/C>	15,659,965	0.695
FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	14,308,905	0.635
UBS NOMINEES PTY LTD	12,186,420	0.541
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	8,784,499	0.390
CROSSFIELD INTECH NOMINEES PTY LTD <LIEBESKIND FAMILY S/FUND A/C>	6,575,757	0.292
DIVERSA TRUSTEES LIMITED <ONESUPER SUPERHERO A/C>	6,509,300	0.289
MR PAUL GLENDON HUNTER	6,250,000	0.277
CERTANE CT PTR LTD <BRAINCHIP LTIP UNALLOC A/C>	6,173,858	0.274
MRS REBECCA OSSEIRAN-MOISSON <OSSEIRAN FAMILY A/C>	6,058,007	0.269
MR DAVID JAMES EVANS	5,555,555	0.247
Total Shares - Top 20 Holdings	**979,412,907**	**43.477**
Total Shares	**2,252,751,810**	

(b) (i) Distribution of quoted fully paid ordinary shares

Size of parcel	Number of share holders	Number of shares	%
1 to 1,000	7,017	4,459,872	0.20
1,001 to 5,000	16,342	44,311,522	1.97
5,001 to 10,000	6,254	48,614,614	2.16
10,001 to 100,000	10,791	355,086,174	15.76
100,001 and over	2,143	1,800,279,628	79.91
Total	**42,547**	**2,252,751,810**	**100.0**

There are 16,771 holders with less than a marketable parcel of ordinary shares based on the Company's closing market price of A$0.165 on 28 January 2026.

(ii) Distribution of unquoted securities

Size of parcel	Number of Option holders	Number of options	Number of perfor-mance rights holders	Number of perform-ance rights	Number of restricted stock unit holders	Number of restricted stock units	Number of service right holders	Number of service rights
1 to 1,000	-	-	-	-	-	-	-	-
1,001 to 5,000	-	-	-	-	-	-	-	-
5,001 to 10,000	-	-	-	-	-	-	-	-
10,001 to	-	-	-	-	1	93,334	-	-
100,001 and	32	46,717,530	3	2,725,828	49	102,520,955	3	2,093,022
Total	**32**	**46,717,530**	**3**	**2,725,828**	**50**	**102,614,289**	**3**	**2,093,022**

(c) Substantial Shareholders	%	Number of shares
MR PETER AJ VAN DER MADE	6.961	156,805,823

(d) Voting Rights

The voting rights for each class of security on issue are:

Ordinary fully paid shares
Each ordinary shareholder is entitled to one vote for each share held.

Options
The holders of options have no voting rights. Upon exercise of the option, the holders will be holders of fully paid ordinary shares and therefore will have voting rights as afforded to shareholders of these securities.

Performance Rights
The holders of performance rights have no voting rights. Upon vesting of the performance rights, the holders will be holders of fully paid ordinary shares and therefore will have voting rights as afforded to shareholders of these securities.

Restricted Stock Units
The holders of restricted stock units have no voting rights. Upon vesting of the restricted stock units, the holders will be holders of fully paid ordinary shares and therefore will have voting rights as afforded to shareholders of these securities.

Service Rights
The holders of service rights have no voting rights. Upon vesting of the service rights, the holders will be holders of fully paid ordinary shares and therefore will have voting rights as afforded to shareholders of these securities.

Corporate directory

Board of Directors

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

Company Secretary

Kim Larkin

Registered Office

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Facsimile**:** +61 2 9279 0664

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Website

http://www.brainchip.com

Auditors

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Telephone: +61 8 9227 7500

Share Registry

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Level 8, 210 George Street Sydney NSW 2000
Telephone: +61 2 9290 9600
Facsimile: +61 2 9290 9664
Online: www.clientonline.com.au

Securities Exchange

Australian Securities Exchange Limited
Exchange Centre, 20 Bridge St, Sydney NSW 2000
Code: BRN
OTCQX Best Market – OTC Markets Groups
Codes: BRCHF, BCHPY

ABN: 64 151 159 812