

brainchip

01 September 2023

Ms Ramona Seeto
ASX Adviser, Listings Compliance
20 Bridge St
Sydney NSW 2000

Dear Ms Seeto

Brainchip Holdings Limited ('BRN'): Aware Query

Brainchip Holdings Limited (BRN or Company) refers to your letter of 29 August 2023 and provides the following responses:

- 1. Notwithstanding the market's expectations in relation to BRN's half year results to 30 June 2023, does BRN Consider the Information (or any part of it) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

Yes, however all material information contained within the Half Year Report had been reported to the market at various times throughout the period, most notably via the quarterly Appendix 4C disclosures and accompanying Quarterly Activities Reports released by the Company.

- 2. If the answer to question 1 is "no" please advise the basis for that view.**

Not applicable.

- 3. When did BRN first become aware of the Information?**

The Company's Board of Directors held a meeting on 23 August 2023 at 10:00am AEST and resolved to approve the release of the Company's Half Year Report subject to signoff by an appointed sub-committee of the Board once the final documentation had been prepared. The Company received the final signed Independent Audit Report from the Company's auditor, HLB Mann Judd, on 25 August 2023 at 2pm AEST. The HY23 Results were released on the market announcement platform the same day as soon as practically possible thereafter.

- 4. Does BRN consider that its results as disclosed in the Announcement and copied in paragraph A above, differed materially from the market's expectations of the relevant measure of BRN's earnings for 1H23, having regard to the following three base indications which may have information such market expectations (in decreasing order of relevance and reliability):**

- 4.1 If BRN had published earnings guidance for 1H23, that guidance.**

Not applicable.

- 4.2 If BRN is covered by sell-side analysts, the earnings forecasts of those analysts for the Relevant Reporting Period.**

Not applicable.

- 4.3 If paragraphs 4.1 and 4.2 are not applicable, BRN's earnings for the prior corresponding period, being the half year ended 20 June 2022.**

No. All major elements contributing to the increase in the Company's H1 loss have previously been disclosed to the market. The Appendix 4C announcements released by the Company relating to the H1 23 period showed no material cash flows from customers. The major factor in the increase in costs was share-based remuneration, which had been approved at the Company's AGM in May, and further details of which are set out in the notice of meeting for that AGM.

- 5. Please explain the basis for the view provided in response to question 4. In doing so, please specify how BRN determined market expectations of each relevant measure of its earnings for 1H23, including:**

- 5.1 If BRN had published earnings guidance for 1H23, details of that guidance and when it was released to market.**

The Company does not publish earnings guidance.

- 5.2 If BRN used sell-side analyst forecasts to estimate the market's expectations of the relevant measure of its earnings for the Relevant Reporting Period, details of the method that BRN used to translate sell-side analyst forecasts into its estimate of such market expectations and, in particular, whether or not BRN used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate.**

Not applicable.

brainchip

6. Please confirm that BRN is complying with the Listing Rules and, in particular, Listing Rule 3.1.

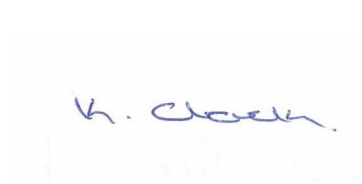
Confirmed.

7. Please confirm that BRN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BRN with delegated authority from the Board to respond to ASX on disclosure matters.

Confirmed.

Please do not hesitate to contact me should you wish to discuss further.

Yours sincerely

A handwritten signature in blue ink, appearing to read "K. Clark", is written over a faint, rectangular stamp that contains the text "BrainChip Holdings Ltd".

Kim Clark
Company Secretary



29 August 2023

Reference: 79015

Ms Kim Clark
Head of Corporate Services, Queensland
Boardroom Pty Limited

Dear Ms Clark

Brainchip Holdings Ltd ('BRN'): Aware Query

ASX refers to the following:

- A. BRN's announcements titled "Appendix 4D and 1H23 Financial Report", released on the ASX Market Announcements Platform after the market closed on 25 August 2023 (the 'Announcement'), which disclosed the following financial metrics for its half year ended 30 June 2023 (the 'Information'):

	30 June 2023 US\$	30 June 2022 US\$	% change
Revenues from continuing operations	115,606	4,831,081	Down 98%
Operating loss	(16,804,470)	(8,561,079)	Down 96%
Loss for the period attributable to members	(17,146,781)	(8,255,802)	Down 108%

- B. The closing price of BRN's shares on 28 August 2023 following the Announcement, which was approximately 11% lower on larger than usual volumes. ASX notes a further decline of 5.2% in the share price on 29 August 2023.

- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing Rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following 5 situations applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*

- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

F. Section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*, which says in part (footnotes omitted):

"Generally speaking, an entity's earnings for a particular reporting period are not required to be reported to the market until the due date for the release of that information under Chapter 4 of the Listing Rules.

However, for many entities, the market's expectations of its earnings over the near term may be a material driver of the price or value of its securities. Those expectations may have been informed by:

- *earnings guidance the entity has given to the market;*
- *in the case of entities covered by sell-side analysts, the earnings forecasts of those analysts; or*
- *the entity's pcg earnings.*

Those expectations may also have been informed or modified by:

- *"outlook statements" made by the entity in its last annual report or at its last results announcement or annual general meeting;*
- *other disclosures the entity has made to the market over the reporting period; and*
- *market-wide or sector-wide events that can reasonably be expected to affect the entity.*

If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact. This obligation may arise under Listing Rule 3.1 and section 674, if the difference is of such magnitude that a reasonable person would expect it to have a material effect on the price or value of the entity's securities – referred to in this Guidance Note as a "market sensitive earnings surprise". Alternatively, in the case of an entity which becomes aware that its earnings for a reporting period will differ materially from earnings guidance it has published to the market, it may arise under section 1041H, because failing to inform the market that its published guidance is no longer accurate could constitute misleading conduct on its part."

Request for information

Having regard to the above, ASX asks BRN to respond separately to each of the following questions and requests for information:

1. Notwithstanding the market's expectations in relation to BRN's half year results to 30 June 2023, does BRN consider the Information (or any part of it) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.

3. When did BRN first become aware of the Information?
4. Does BRN consider that its results as disclosed in the Announcement and copied in paragraph A above, differed materially from the market's expectations of the relevant measure of BRN's earnings for 1H23, having regard to the following three base indicators which may have informed such market expectations (in decreasing order of relevance and reliability):
- 4.1 If BRN had published earnings guidance for 1H23, that guidance.
- 4.2 If BRN is covered by sell-side analysts, the earnings forecasts of those analysts for the Relevant Reporting Period.
- 4.3 If paragraphs 4.1 and 4.2 are not applicable, BRN's earnings for the prior corresponding period, being the half year ended 30 June 2022.
5. Please explain the basis for the view provided in response to question 4. In doing so, please specify how BRN determined market expectations of each relevant measure of its earnings for 1H23, including:
- 5.1 If BRN had published earnings guidance for 1H23, details of that guidance and when it was released to the market.
- 5.2 If BRN used sell-side analyst forecasts to estimate the market's expectations of the relevant measure of its earnings for the Relevant Reporting Period, details of the method that BRN used to translate sell-side analyst forecasts into its estimate of such market expectations and, in particular, whether or not BRN used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate.
6. Please confirm that BRN is complying with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that BRN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BRN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEST Friday, 1 September 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BRN's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require BRN to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in BRN's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;

-
- For personal use only
- the event you expect to happen that will end the trading halt;
 - that you are not aware of any reason why the trading halt should not be granted; and
 - any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in BRN's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to BRN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that BRN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Ramona Seeto
Adviser, Listings Compliance