BrainChip Holdings Ltd

APPENDIX 4D HALF-YEAR FINANCIAL REPORT

Information given to ASX under listing rule 4.2A

Reporting period and Functional Currency

Current reporting period – six months ended:	30 June 2026
Previous corresponding period – six months ended:	30 June 2025
Functional Currency:	US dollars

Results for announcement to the market

	30 June 2026 US$	30 June 2025 US$	% change
Revenues from continuing operations	1,222,745	1,023,579	19%
Operating loss	(12,688,514)	(10,009,539)	(27%)
Loss for the period attributable to members	(12,015,897)	(9,360,251)	(28%)

Loss per share	US cents per share	US cents per share
Basic loss per share	(0.51)	(0.45)
Diluted loss per share	(0.51)	(0.45)

Net tangible assets	30 June 2026 US cents per share	30 June 2025 US cents per share
Net tangible assets per share	0.85	0.71

Dividends or dividend reinvestment plan

No dividends were paid or declared during the half-year ended 30 June 2026 (2025: Nil). The Company does not operate a dividend reinvestment plan.

Additional Information

Additional Appendix 4D disclosure requirements can be found in the attached Financial Report for the Half-Year ended 30 June 2026.

This report is based on the half-year condensed consolidated financial statements and notes which have been reviewed by HLB Mann Judd. This report should be read in conjunction with the most recent annual financial report.

BrainChip Holdings Ltd
Level 8 210 George St
Sydney NSW 2000 AU

BrainChip Holdings Ltd

Half Year Report

30 June 2026

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.

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 half-year ended 30 June 2026.

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 half-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 half-year or up to the date of this report.

Significant changes in the state of affairs

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 half-year ended 30 June 2026 of $12,015,897 (30 June 2025: $9,360,251).

Revenues for the half-year ended 30 June 2026 of $1,222,745 increased 19% from 1,023,579 in 2025 and comprised $613,826 of high margin license sales (2025: $Nil) along with the product sales of $110,362 (2025: $19,184) and development services revenue of $498,557 (2025: $1,004,395). The Company has been working tirelessly on building sales and believes the decisions to commercialise the AKD1500 will contribute to achieving significant growth in license and product revenue.

Total operating expenses for the half-year ended 30 June 2025 of $13,647,140 increased 33% from $10,283,291 incurred in the prior half-year. The increase is predominantly driven by actions anticipating the delivery of the AKD1500 chip and the commercialisation of Akida 2.0 by 2027. Operating expenses are further discussed below:

- Research & development (R&D) expenses of $5,536,250 for the current period (2025: $3,433,383) increased 61%, or $2,102,867 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:

Review of operations (continued)

Overview (continued)

    - Development costs associated with the AKD2500 chip totaling $1,348,509 (2025: $Nil);
    - 22% increase in employee expenses including the merit increase awarded in April 2026, which was not effective until July in the prior year;
    - Increased software lease and hardware expenses.
- Selling & marketing (S&M) expenses of $2,553,681 for the current period (2025: $2,201,446) increased 16%, or $352,235 from a year ago. The increase is a result of higher employee costs driven by an increase in headcount from 9 at June 2025 to 18 and merit increases awarded in April 2026. 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 $4,270,678 for the current period (2025: $3,611,559) increased 18% overall, or $659,119 from the same period a year ago due to:
    - Recognition of the LDA Capital Failure Fee of $688,805 in accordance with the terms of the POA;
    - Reduction of one headcount and lower consulting costs related to Investor Relations, offset by merit increases awarded in April 2026;
    - An increase in share registry and other corporate costs.
- Share-based payment expense of $1,286,531 for the current period (2025: $1,036,903) increased 24%, or $249,628 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 half-year included a vesting credit of $2,204,643 (2025: $1,547,770) resulting from the reassessment of the achievement of the maximum performance criteria for equity units granted in 2024 that vest on 28 February 2027 and units granted in 2025 that vest on 28 February 2028.

The current half-year loss also includes:

- Finance income of $728,878 (2025: 593,618) comprising interest income earned $388,682 (2025: $293,254) on cash balances invested and $340,196 of net foreign exchange gains (unrealised and realised) on revaluation of non-USD cash balances and other foreign exchange balances (2025: $300,364).
- Finance expense of $19,896 (2025: $29,949) comprising interest expense.

Balance Sheet and Cashflows

At the end of the half-year, the Group had consolidated net assets of $19,781,894 (31 December 2025: $30,693,993), including cash and cash equivalents of $20,304,971 (31 December 2025: $31,712,588).

Trade and other receivables increased to $997,610 from $574,802 at 31 December 2025, driven mainly by the license sales being receivable at 30 June and an increase in Research Tax Credits recognised as compared to the prior period.

Net cash flows used in operating activities totaled $11,253,495 (30 June 2025: $6,990,176), as noted in the Consolidated Statement of Cash Flows. The increase is attributable to increased development costs related to the development of the AKD2500, increased inventory costs as the completion of the AKD1500 chip is achieved and a continued focus on working with partners and customers on how to utilize BrainChip's products.

Review of operations (continued)

Overview (continued)

Operational Highlights

BrainChip has continued to execute its strategy of commercialising ultra-low-power neuromorphic artificial intelligence technology through the expansion of the Akida™ ecosystem, customer engagement, strategic licensing, reference platform development and the transition of the AKD1500 neuromorphic processor into commercial production.

The period represented an important stage in BrainChip's evolution, with the company progressing from technology development and customer evaluation toward broader commercial deployment opportunities across defence, industrial, infrastructure and edge AI markets.

AKD1500 Production Milestone Achieved

A significant operational milestone was achieved during the period with the receipt of the first production batch of 2,000 AKD1500 neuromorphic processors.

This milestone represents the transition from pre-production evaluation devices to commercial-scale manufacturing and provides the foundation for customer deployments across targeted growth markets, including defence and government applications, industrial intelligence, infrastructure monitoring and Edge AI systems.

Further production shipments are expected as BrainChip completes delivery of its broader production run. The Company noted that final production volumes are expected to be slightly lower than originally anticipated due to lower-than-expected production yields, with analysis underway to understand this discrepancy.

To accelerate customer adoption, BrainChip is developing a range of AKD1500-based hardware enablement platforms, including accelerator modules, development boards and application-specific reference platforms. These solutions are designed to shorten customer evaluation cycles and enable immediate software development, algorithm validation and system integration.

Expanding Commercial Pathways

Licensing and IP Commercialisation

BrainChip continued to advance its intellectual property licensing strategy, creating additional opportunities for recurring revenue through licensing agreements and future royalties.

Key achievements included:

- Delivery of RTL design assets to EDGEAI under the Akida 2.0 licensing agreement, enabling integration of BrainChip technology into future custom silicon solutions for smart metering and infrastructure applications.
- Signing of an IP licensing agreement with ASICLAND, expanding the adoption of Akida technology within ASIC development opportunities.

These activities reinforce BrainChip's multi-channel commercial model, combining silicon sales, licensing revenue and royalty opportunities.

Growing the Akida Ecosystem

BrainChip continued expanding its ecosystem of hardware, software and technology partners to improve accessibility and accelerate adoption of Akida-based solutions.

Review of operations (continued)

Overview (continued)

Operational Highlights

During the period, the Company established a strategic ecosystem partnership with MicroIP to combine neuromorphic AI technology with hardware design and implementation capabilities and added strategic software partners to broaden access to Akida-enabled development tools and AI workflows. The expansion of the ecosystem is intended to reduce customer adoption barriers and support wider deployment across industrial and edge AI markets.

Expanding Defence and Edge AI Opportunities

BrainChip continued developing application-focused platforms that demonstrate the commercial potential of neuromorphic AI in demanding real-world environments.

Radar and Signal Intelligence

The Company launched the Akida Radar Reference Platform, demonstrating ultra-low-power AI processing capabilities for radar signal analysis, object identification and classification. The platform targets opportunities across defence, industrial automation and autonomous systems. BrainChip also hosted an industry webinar showcasing the platform's architecture, algorithms and classification capabilities.

Communications and Electronic Warfare

BrainChip introduced the Akida Communication Reference Platform, powered by AKD1500, targeting RF signal classification, signal intelligence applications, defence and government requirements and industrial communications analysis. In parallel, the Company progressed development of AI models for radar and electronic warfare applications, including signal classification, threat detection, object identification and spectrum awareness.

Technology Roadmap Progress

AKD2500 Development

Development of the AKD2500 processor continued during the period, with the project remaining on schedule for an early December tape-out milestone.

Generative AI Program

BrainChip continued advancing its Generative AI program, with progress across AI model development, software infrastructure, deployment tools, runtime capabilities and customer accessibility. The Company expects to conduct internal demonstrations of its GenAI platform during the remaining months of 2026.

Corporate Activity

Capital Funding

The Company announced that the Put Option Agreement with LDA Capital expired on 30 June 2026 in accordance with its terms. The outstanding contractual Failure Fee of A$1.0 million (US$688,805) was satisfied subsequent to 30 June 2026 through the liquidation of 6.96 million collateral shares held by LDA Capital under the Agreement.

The remaining 6 million collateral shares held by LDA Capital were sold in an orderly manner over several weeks in accordance with the Agreement, with the net proceeds from the sale remitted to BrainChip after deduction of the of LDA Capital's contractual 8.5% fee and any other fees. The expiration of the Put Option Agreement concluded the availability of the financing facility and substantially completed the settlement of each party's obligations under the Agreement.

Review of operations (continued)

Significant events after the balance date

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

Since 30 June 2026 and to the date of this report, 4,885,834 RSUs held by BrainChip Equity Plan participants converted to shares upon vesting and 4,424,945 RSUs and 488,633 options have been forfeited.

On 31 March 2026, BrainChip issued 13 million fully paid ordinary shares to LDA Capital for nil consideration as advance collateral for the expected Failure Fee. As BrainChip had not drawn the required minimum amount by 30 June 2026, as stipulated under the Fourth Amendment to the Put Option Agreement, a Failure Fee of A$1,000,581 (US$688,805) was recognised. Subsequent to 30 June, LDA Capital sold 6,960,000 collateral shares at an average price of A$0.1437 per share and the proceeds collected by LDA Capital were applied against the Failure Fee liability.

On 10 August 2026, LDA Capital advised that the remaining 6,040,000 share were sold for A$752,548, less the 8.5% discount with the net proceeds of A$688,582 (US$486,458) received by the Company on 12 August 2026.

No other matters or circumstances have arisen since the end of the financial half-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.

Securities on Issue

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

Ordinary shares	2,275,825,144
Treasury shares	3,316,628
Options over ordinary shares	48,851,871
Restricted stock units	128,724,787
Performance rights	2,600,960
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 half-year to the date of this report.

Auditor Independence

The Directors received the Independence Declaration, as set out on page 7, from HLB Mann Judd.

Signed in accordance with a resolution of the Directors.

Antonio J. Viana

Chair

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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of BrainChip Holdings Ltd for the half-year ended 30 June 2026, 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 review; and

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

Perth, Western Australia
26 August 2026

D I Buckley
Partner

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Condensed consolidated statement of profit and loss and other comprehensive income

For the half-year ended 30 June 2026

	Note	30 June 2026 US$	30 June 2025 US$
Continuing operations			
Revenue from contracts with customers	3	1,222,745	1,023,579
Cost of goods sold		(264,119)	(749,827)
Gross profit		958,626	273,752
Expenses			
Research & development	4(a)	(5,536,250)	(3,433,383)
Sales & marketing	4(b)	(2,553,681)	(2,201,446)
General & administrative	4(c)	(4,270,678)	(3,611,559)
Share-based payment expense	16(a)	(1,286,531)	(1,036,903)
Operating loss		(12,688,514)	(10,009,539)
Finance income	5(a)	728,878	593,618
Finance expense	5(b)	(19,896)	(29,949)
Fair value gain through profit and loss	5(c)	-	109,922
Loss from continuing operations before income tax		(11,979,532)	(9,335,948)
Income tax expense		(36,365)	(24,303)
Net loss for the half-year		(12,015,897)	(9,360,251)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain/(loss) on defined benefit plans		11,526	(623)
Items that may be reclassified subsequently to profit or loss (net of tax):			
Exchange differences on translation of foreign operations		(205,957)	366,703
Other comprehensive (loss)/income for the half-year, net of tax		(194,431)	366,080
Total comprehensive loss for the half-year, net of tax		(12,210,328)	(8,994,171)
Loss per share attributable to ordinary equity holders of the Company		**US cents per share**	**US cents per share**
Basic loss per share	6	(0.51)	(0.45)
Diluted loss per share	6	(0.51)	(0.45)

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

Condensed consolidated statement of financial position

As at 30 June 2026

	Note	30 June 2026 US$	31 December 2025 US$
Current Assets			
Cash and cash equivalents	8	20,304,971	31,712,588
Trade and other receivables	9	997,610	574,802
Inventory		576,658	355,154
Other assets		637,852	428,482
Total Current Assets		22,517,091	33,071,026
Non-Current Assets			
Right-of-use assets	10	483,966	682,566
Plant and equipment	11	469,161	237,649
Other assets		170,954	156,849
Total Non-current Assets		1,124,081	1,077,064
TOTAL ASSETS		23,641,172	34,148,090
Current Liabilities			
Trade and other payables	12	2,123,591	1,467,382
Deferred revenue		350,840	480,448
Lease liabilities	13	437,991	456,150
Employee benefits liabilities		617,945	497,524
Total Current Liabilities		3,530,367	2,901,504
Non-current Liabilities			
Lease liabilities	13	145,797	360,359
Defined benefit plan		183,114	192,234
Total Non-current Liabilities		328,911	552,593
TOTAL LIABILITIES		3,859,278	3,454,097
NET ASSETS		19,781,894	30,693,993
Equity			
Contributed equity	15(a)	196,685,976	196,674,278
Share-based payments reserve		53,674,128	52,387,597
Foreign currency translation reserve		61,057	267,014
Accumulated losses		(230,639,267)	(218,634,896)
TOTAL EQUITY		19,781,894	30,693,993

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

Condensed consolidated statement of changes in equity

For the half-year ended 30 June 2026

	Contributed equity	Share-based payment reserve	Foreign currency reserve	Accumulated losses	Total equity
At 1 January 2025	167,800,215	50,169,446	36,811	(198,179,952)	19,826,520
Loss for the half-year	-	-	-	(9,360,251)	(9,360,251)
Other comprehensive loss	-	-	366,703	(623)	366,080
Total comprehensive loss for the period	-	-	366,703	(9,360,874)	(8,994,171)
Issue of share capital	3,168,059	-	-	-	3,168,059
Converted treasury shares	223,626	-	-	-	223,626
Share issue costs	(19,151)	-	-	-	(19,151)
Share-based payment (Note 16(a))	-	1,036,903	-	-	1,036,903
At 30 June 2025	171,172,749	51,206,349	403,514	(207,540,826)	15,241,786
At 1 January 2026	196,674,278	52,387,597	267,014	(218,634,896)	30,693,993
Loss for the half-year	-	-	-	(12,015,897)	(12,015,897)
Other comprehensive loss	-	-	(205,957)	11,526	(194,431)
Total comprehensive loss for the period	-	-	(205,957)	(12,004,371)	(12,210,328)
Converted treasury shares	11,698	-	-	-	11,698
Share-based payment (Note 16(a))	-	1,286,531	-	-	1,286,531
At 30 June 2026	196,685,976	53,674,128	61,057	(230,639,267)	19,781,894

Condensed consolidated statement of cash flows

For the half-year ended 30 June 2026

	Note	30 June 2026 US$	30 June 2025 US$
Cash flows used in operating activities			
Receipts from customers		813,247	1,522,026
Payments to suppliers and employees		(12,390,108)	(9,262,975)
Interest received		381,107	293,254
Interest paid		(19,896)	(29,949)
Grants and R&D credits received from third parties		-	468,705
Income taxes paid		(37,845)	18,763
Net cash flows used in operating activities		(11,253,495)	(6,990,176)
Cash flows used in investing activities			
Payments for property, plant and equipment		(205,047)	(39,369)
Proceeds from the sale of property, plant and equipment		1,765	-
Net cash flows used in investing activities		(203,282)	(39,369)
Cash flows used in financing activities			
Payment of share issue costs		(20,112)	(19,151)
Receipts from the exercise of unlisted options		11,698	227,001
Payment to reduce lease liabilities	13	(221,776)	(238,253)
Net cash flows used in financing activities		(230,190)	(30,403)
Net decrease in cash and cash equivalents		(11,686,967)	(7,059,948)
Net foreign exchange differences		279,350	517,647
Cash at the beginning of the financial period		31,712,588	20,000,422
Cash and cash equivalents at the end of the period		20,304,971	13,458,121

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

Note 1. Corporate information

The half-year condensed consolidated financial report of BrainChip Holdings Ltd ("BrainChip Holdings" or "Company") and its controlled entities ("Consolidated Entity" or "Group") for the half-year ended 30 June 2026 was authorised for issue in accordance with a resolution of the Directors on 26 August 2026.

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

Basis of preparation

The half-year condensed consolidated financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "*Interim Financial Reporting*".

The half-year condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2025, and considered together with any public announcements made by the Company during the half-year ended 30 June 2026 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

New standards, interpretation and amendments adopted by the Group

The accounting policies adopted in the preparation of the half-year condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of new standards effective as of 1 January 2026. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2026, but do not have an impact on the half-year condensed consolidated financial statements of the Group.

Note 3. Revenue from contracts with customers

Revenue is disclosed by type of goods and services and timing of recognition. Refer to Note 7 for the disaggregation of revenue from contracts with customers by geographical region.

	30 June 2026 US$	30 June 2025 US$
Types of good and services		
Product revenue	110,362	19,184
License revenue	613,826	-
Development services revenue	498,557	1,004,395
Total revenue from contracts with customers	1,222,745	1,023,579
Timing of revenue recognition		
Services transferred over time	125,363	86,962
Sale of product and license transferred at a point in time	1,097,382	936,617
Total revenue from contracts with customers	1,222,745	1,023,579

Note 4. Expenses	30 June 2026 US$	30 June 2025 US$
(a) Research & development expenses		
Employee expenses	3,752,896	3,067,355
Government grants received [1]	(145,201)	(139,362)
Third party license and development services	1,348,509	-
Patent application fees	157,312	117,021
Software/hardware IT expenses	264,499	171,702
Depreciation of plant & equipment	4,275	8,526
Depreciation of right-of-use assets	9,674	31,623
Gain on sale of property, plant and equipment	(1,643)	-
Other expenses	145,929	176,518
Total research & development expenses	5,536,250	3,433,383
(b) Selling & marketing expenses		
Employee expenses	1,934,323	1,604,342
Promotional advertising	267,796	307,446
Travel and accommodation expenses	92,254	67,580
Other expenses	259,308	222,078
Total selling & marketing expenses	2,553,681	2,201,446
(c) General & administration expenses		
Employee expenses	1,933,344	2,075,992
Legal and professional fees	315,459	362,149
Corporate and listing fees	311,272	231,321
LDA Failure Fee	688,805	-
Recruiting fees	248,519	271,093
Travel and accommodation expenses	98,162	52,852
Depreciation of plant & equipment	79,021	66,741
Depreciation of right of use assets	180,369	178,358
Office rent	4,815	6,681
Software lease and hardware expense	177,137	160,265
Other	233,775	206,107
Total general & administration expenses	4,270,678	3,611,559

[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 5. Finance income and finance expense	30 June 2026 US$	30 June 2025 US$
(a) Finance income		
Interest received	388,682	293,254
Foreign exchange gain	340,196	300,364
Total finance income	728,878	593,618
(b) Finance expense		
Other interest expense	19,896	29,949
Total finance expense	19,896	29,949
(c) Fair value gain through profit and loss		
Net gain from financial assets and liabilities measured at fair value through profit and loss	-	109,922
Net fair value gain through profit and loss	-	109,922

Note 6. Loss per share

Net loss attributable to ordinary shareholders for basic and diluted earnings per share	(12,015,897)	(9,360,251)
	US cents per share	US cents per share
Basic and diluted loss per share	(0.51)	(0.45)
	Number	Number
Weighted average number of ordinary shares for basic loss per share [2]	2,340,573,647	2,081,190,125
Effect of the dilution of share options and performance rights [1]	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	2,340,573,647	2,081,190,125

(1) At 30 June 2026, the Company had on issue 49,340,504 share options (30 June 2025: 47,487,530), 2,600,960 performance rights (30 June 2025: 3,100,828), 138,035,566 restricted stock units (30 June 2025: 124,714,606), and 2,093,022 service rights (30 June 2025: 2,093,022) that are excluded from the calculation of diluted loss per share for the current period as they are considered anti-dilutive.

Note 7. 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.

	30 June 2026 US$	31 December 2025 US$
Non-current assets		
North America	763,416	681,177
Europe, Middle East & Asia (EMEA)	360,665	395,887
Total	1,124,081	1,077,064

	30 June 2026 US$	30 June 2026 US$
Revenue from external customers		
North America	474,558	872,161
APAC	637,855	-
Europe, Middle East & Asia (EMEA)	110,332	151,418
Total	1,222,745	1,023,579

Customers representing more than 10% of revenues in the current half-year amounted to $983,780 (30 June 2025: $809,706), comprising $358,870 of product and development services revenues from customers based in the USA (2025: $809,706) and $613,826 of license and development services revenues from customers based in Asia Pacific (2025: Nil).

Note 8. Cash and cash equivalents	30 June 2026 US$	31 December 2025 US$
Cash at bank and in hand	20,030,333	31,712,588
Term deposits	274,638	-
Total	20,304,971	31,712,588

Note 9. Trade and other receivables	30 June 2026 US$	31 December 2025 US$
Current		
Trade receivables [1]	575,092	279,265
R&D refundable tax offset	388,784	254,123
Other receivables	33,734	41,414
	997,610	574,802

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

Note 10. Right-of-use assets	30 June 2026 US$	31 December 2025 US$
Cost	1,930,783	1,940,908
Accumulated depreciation	(1,446,817)	(1,258,342)
Total	483,966	682,566
Movement in right-of-use assets		
At 1 January		682,566
Depreciation		(190,043)
Foreign exchange movements		(8,557)
At 30 June		483,966

Note 11. Plant & equipment

Cost	1,484,850	1,177,939
Accumulated depreciation	(1,015,689)	(940,290)
Total	469,161	237,649
Movement in plant & equipment assets		
At 1 January		237,649
Additions		197,715
Transfer from Inventory		118,407
Depreciation		(83,296)
Reversal of written down value of plant and equipment sold		(122)
Foreign exchange movements		(1,192)
At 30 June		469,161

Note 12. Trade and other payables

Trade payables	489,160	536,293
Accrued expenses [1]	1,481,695	815,439
Other payables	152,736	115,650
Total	2,123,591	1,467,382

[1] Accrued expenses includes the $688,805 LDA Failure Fee recognised on 30 June 2026.

Note 13. Lease liabilities	30 June 2026 US$	31 December 2025 US$
Current	437,991	456,150
Non-current	145,797	360,359
Total	583,788	816,509

Movement in lease liabilities

At 1 January	816,509
Reduction in lease liabilities	(221,776)
Foreign exchange movements	(10,945)
At 30 June	583,788

Note 14. 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 30 June 2026. Changes in liabilities arising from financing activities are disclosed within individual notes:

	30 June 2026 US$	31 December 2025 US$
Financial assets at amortised cost		
Trade and other receivables	997,610	574,802
Total financial assets	997,610	574,802
Current	997,610	574,802
Total financial assets	997,610	574,802
Financial liabilities at amortised cost		
Trade and other payables	2,123,591	1,467,382
Lease liabilities	583,788	816,509
Total financial liabilities	2,707,379	2,283,891
Current	2,561,582	1,923,532
Non-current	145,797	360,359
Total financial liabilities	2,707,379	2,283,891

The carrying amount of financial instruments not carried at fair value on a recurring basis approximates their fair value at balance date.

Note 15. Contributed equity	30 June 2026 US$	31 December 2025 US$
(a) Fully paid ordinary shares		
Issued and fully paid	196,685,976	196,674,278
	196,685,976	196,674,278

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.

Note 15. Contributed equity (continued)	30 June 2026 Number	30 June 2026 US$
(b) Movement in ordinary shares on issue		
At 1 January	2,252,751,810	196,674,278
Issue of shares to the Trustee of the BrainChip Equity Plan	10,000,000	-
Issue of shares to LDA Capital in accordance with the Put Option Agreement for nil consideration.	13,000,000	-
Issue of shares to third party on conversion of restricted stock units	73,334	-
Treasury shares issued on conversion of options	-	11,698
At 30 June	2,275,825,144	196,685,976

	30 June 2026 Number	31 December 2025 Number
(c) Treasury shares		
Fully paid shares issued to the Trustee of the BrainChip Equity Plan ("LTIP")	8,202,462	6,353,858
	8,202,462	6,353,858

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.

	Number
(d) Movement in treasury shares	
At 1 January	6,353,858
Shares issued to the Trust from BrainChip Holdings Ltd	10,000,000
Shares Issued on exercise of share options	(100,000)
Shares issued by Trustee on conversion of performance rights	(283,667)
Shares Issued on conversion of restricted stock units	(7,767,729)
At 30 June	8,202,462

(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:

	30 June 2026 Number	31 December 2025 Number
Unlisted options – refer note 16 (c)	49,340,504	46,567,530
Unlisted performance rights – refer note 16 (e)	2,600,960	2,725,828
Unlisted restricted stock units – refer note 16 (g)	138,035,566	105,662,122
Unlisted service rights – refer note 16 (i)	2,093,022	2,093,022
	192,070,052	157,048,502

Note 16. Share-based payments	30 June 2026 US$	30 June 2025 US$
(a) Share-based payment expense:		
Equity instruments issued to third parties	97,030	35,778
Equity instruments issued under the BrainChip Equity Plan	3,394,144	2,548,895
Vesting credit recognised [1]	(2,204,643)	(1,547,770)
Total share-based payment expense	1,286,531	1,036,903

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

(b) 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 half-year:

	2026 Number	2026 WAEP US$	2025 Number	2025 WAEP US$
At 1 January	46,567,530	0.169	45,418,318	0.183
Granted during the period	4,057,460	0.110	5,572,380	0.135
Exercised during the period	(100,000)	(0.125)	(1,450,000)	(0.182)
Forfeited during the period	(1,822,408)	(0.208)	(1,422,721)	(0.219)
Lapsed during the period	(112,078)	(0.296)	(1,550,447)	(0.405)
Reinstated during the period [1]	1,750,000	0.411	-	-
Expired during the period	(1,000,000)	(0.182)	-	-
At 30 June	49,340,504	0.171	46,567,530	0.169
Exercisable (vested and unrestricted) at the end of the period	36,834,628	0.182	35,683,940	0.170

[1] During the period, 1,750,000 options with an exercise price of $0.411 were reinstated. These options were incorrectly reported as having lapsed in a prior period through the application of the 90-day post-cessation exercise period, which did not apply to the relevant holders. The options remained valid on issue at all times and have been reinstated in the current period. The reinstatement has no financial effect on the current or prior period.

The weighted average remaining contractual life for the share options outstanding at 30 June 2026 is 5.178 years (31 December 2025: 5.247 years).

The weighted average fair value of options granted during the half-year was $0.093 (31 December 2025: $0.109).

The range of exercise prices for options at 30 June 2026 was $0.037 to $0.663 (31 December 2025: $0.038 to $0.663).

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

Note 16. 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 half-year	Granted	Exercised	Expired/ forfeited/ Lapsed/ Reinstated	Balance at end of half-year
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	-	(100,000)	-	6,750,000
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	1,000,000	-	-	1,750,000	2,750,000
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	-	-	(40,000)	350,000
20/4/2022 [2]	21/4/2032	0.711	450,000	-	-	-	450,000
28/4/2022 [8]	28/4/2032	0.659	78,800	-	-	(9,200)	69,600
18/9/2022 [2]	19/9/2032	0.618	300,000	-	-	-	300,000
21/4/2023 [8]	21/4/2033	0.278	1,309,898	-	-	(830,466)	479,432
18/8/2023 [2]	17/8/2033	0.214	360,000	-	-	-	360,000
20/5/2024 [8]	20/5/2034	0.177	826,026	-	-	(62,878)	763,148
20/5/2024 [8]	20/5/2034	0.177	3,971,312	-	-	(302,298)	3,669,014
11/2/2025 [2]	16/12/2034	0.179	270,000	-	-	-	270,000
27/6/2025 [8]	27/6/2035	0.131	4,407,556	-	-	(363,668)	4,043,888
30/6/2025 [8]	30/6/2035	0.140	314,824	-	-	(25,976)	288,848
18/7/2025[2]	26/5/2035	0.147	300,000	-	-	(300,000)	-
18/7/2025[2]	19/5/2035	0.147	280,000	-	-	-	280,000
28/5/2026[2]	28/5/2036	0.110	-	470,000	-	-	470,000
28/5/2026[8]	28/5/2036	0.110	-	3,587,460	-	-	3,587,460
			46,567,530	4,057,460	(100,000)	(1,184,486)	49,340,504

(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 in the third year following grant upon the achievement of performance criteria.

Note 16. 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 half-year ended 30 June 2026:

	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
2026							
Employees	3,818,291	0.096	0.110	0.110	87.5	4.53	10.0
Employees - MC	239,169	0.037	0.110	0.110	87.5	4.53	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:

	30 June 2026 Number
At 1 January	2,725,828
Issued during the half-year	584,295
Converted during the half-year	(283,667)
Cancelled during the half-year	(425,496)
At 30 June	2,600,960

(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 half-year ended 30 June 2026:

	Number granted	Grant date	Fair value US$	Share price at grant date US$	Expected volatility (%)	Risk-free interest rate (%)	Expected life of PRs in years
2026							
Employees	545,342	11/5/2026	0.112	0.112	-	-	-
Employees - MC	38,953	11/5/2026	0.045	0.112	89.5	4.67	7.01

Note 16. 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:

	30 June 2026 Number
At 1 January	105,662,122
Issued during the half-year under LTIP	45,334,725
Converted under LTIP	(7,767,729)
Cancelled under LTIP	(7,139,591)
Issued during the half-year to third parties (non-LTIP)	2,019,373
Converted during the half-year to third parties (non-LTIP)	(73,334)
At 30 June	138,035,566

(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 half-year ended 30 June 2026:

	Number granted	Grant date	Fair value US$	Share price at grant date US$	Expected volatility (%)	Risk-free interest rate (%)	Expected life of PRs in years
2026							
Employees	4,740,000	30/4/2026	0.111	0.111	-	-	-
Contractor	750,000	30/04/2026	0.111	0.111	-	-	-
Director	5,724,113	7/5/2026	0.120	0.120	-	-	-
Employees	31,784,238	11/5/2026	0.112	0.112	-	-	-
Employees - MC	2,270,327	11/5/2026	0.045	0.112	89.5	4.67	2.64
Employees	528,310	28/5/2026	0.110	0.110	-	-	-
Employees - MC	37,737	28/5/2026	0.043	0.110	87.5	4.53	2.76
Contractor	1,184,749	28/5/2026	0.110	0.110	-	-	-
Contractor - MC	84,624	28/5/2026	0.043	0.110	87.5	4.53	2.76
Contractor	250,000	28/5/2026	0.110	0.110	-	-	-

(i) Service rights granted as share-based payments

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

	30 June 2026 Number
At 1 January	2,093,022
Issued during the half-year	-
At 30 June	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.

Note 17. Contingent assets & liabilities

The Group had no contingent assets or liabilities at 30 June 2026 (31 December 2025: $Nil).

Note 18. Events after the balance sheet date

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

Since 1 July 2026 and to the date of this report, 4,885,834 RSUs held by BrainChip Equity Plan participants converted to shares upon vesting and 4,424,945 RSUs and 488,633 options have been forfeited.

On 31 March 2026, BrainChip issued 13 million fully paid ordinary shares to LDA Capital for nil consideration as advance collateral for the expected Failure Fee. As BrainChip had not drawn the required minimum amount by 30 June 2026, as stipulated under the Fourth Amendment to the Put Option Agreement, a Failure Fee of A$1,000,581 (US$688,805) was recognised. Subsequent to 30 June, LDA Capital sold 6,960,000 collateral shares at an average price of A$0.1437 per share and the proceeds collected by LDA Capital were applied against the Failure Fee liability.

On 10 August 2026, LDA Capital advised that the remaining 6,040,000 share were sold for A$752,548, less the 8.5% discount with the net proceeds of A$688,582 (US$486,458) received by the Company on 12 August 2026.

No other matters or circumstances have arisen since the end of the financial half-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 19. Related party disclosures

Key management personnel compensation:

Key Management Personnel received restricted stock units with a vesting expense recognised of $513,544 (30 June 2025: $779,527). 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 2027 and 2028, and determined that a vesting credit of $404,109 should be recognised in the current half-year (30 June 2025: $1,049,727).

Directors' declaration

In the opinion of the Directors:

(a) the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standards AASB 134 '*Interim Financial Reporting*', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial half-year ended on that date; and

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

Signed in accordance with a resolution of directors made pursuant to section 305(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors,

Antonio J. Viana

Chair

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

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of BrainChip Holdings Ltd

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of BrainChip Holdings Ltd (the "Company") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2026, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of BrainChip Holdings Ltd does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibility is further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report. We are independent of the company 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.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2026 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
26 August 2026

Buckley

D I Buckley
Partner

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

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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