

RISK MANAGEMENT POLICY

BrainChip Holdings Ltd ("Company")

1. IDENTIFICATION OF RISK

The Board is responsible for the oversight of BrainChip Holdings Ltd's (**Company**) risk management and control framework, this includes setting the risk appetite and ensuring that the Company is operating with due regard to the risk appetite. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the CEO having ultimate responsibility to the Board for the risk management and control framework. The primary objectives of the risk management system at the Company are to ensure:

- (a) all major sources of potential harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- (b) business decisions throughout the Company appropriately balance the risk and reward trade off;
- (c) regulatory compliance and integrity in reporting is achieved; and
- (d) senior management, the Board and investors understand the risk profile of the Company.

In line with these objectives the risk management system focuses on, but is not limited to:

- (a) operations risk;
- (b) financial reporting risk;
- (c) compliance / regulations risk;
- (d) system/IT process risk;
- (e) cybersecurity risk;
- (f) intellectual property risk;
- (g) other operational risks; and
- (h) new and emerging risks.

Arrangements put in place by the Board to monitor risk management include the following matters which have been delegated to the CEO or an appropriate member of management (as delegated to by the CEO):

- (a) no less than quarterly reporting to the Board in respect of operations and the financial position of the Company and the effectiveness of the Company's risk management program;
- (b) yearly rolling forecasts prepared; and
- (c) circulate minutes of Board meetings and relevant Committee meetings to the Board and the Chairman of each respective committee and provide a report to the Board on an annual basis.

2. INTEGRITY OF FINANCIAL REPORTING

The Company's CEO and CFO are to report in writing to the Audit & Governance Committee and to the Board that:

- (a) the financial statements of the Company and its controlled entities (where appropriate) for each quarter, half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- (b) the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- (c) the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

3. ROLE OF AUDITOR

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

4. REVIEW OF RISK MANAGEMENT POLICY

Given the speculative nature of the Company's business it is subject to general risks and certain specific risks. A summary of certain key risk factors are set out in the Company's Annual Report. These risk factors remain relevant to the Company. The Company, with oversight and input by the Board, continually assesses the impact of risks upon the Company's objectives.

Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. The annual business planning process includes careful consideration of internal and external risk profile of the company. Managers will report no less than quarterly to the board on the areas they are responsible for, including key business risks including any new and emerging risks. The Company's risk management process provides a comprehensive, integrated approach for carrying out risk management activities. This process will allow management to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value.

5. RESPONSIBILITIES

5.1 CEO

The CEO is accountable to the Board, for ensuring that the risk management system is supervised, implemented and maintained in accordance with the Risk Management

Policy and within the risk appetite set and approved by the Board. The CEO is also accountable for evaluating and continually improving the effectiveness of the risk management system and internal control processes. Assignment of responsibilities in relation to risk management is the prerogative of the Board.

The CEO is also responsible for:

- (a) monitoring the Company's compliance with laws and regulations in addition to its risks management responsibilities;
- (b) reviewing and assessing that management have implemented adequate policies and procedures to manage identified risks;
- (c) ensuring that there is an appropriate consideration of the Company's intellectual property with regard to defining and protecting it with suitable strategies;
- (d) ensuring that there is an appropriate consideration of cybersecurity risk and suitable risk mitigation controls; and
- (e) monitoring the effectiveness of group policies and practices that relate to compliance with laws, regulations and accounting standards.

5.2 SENIOR EXECUTIVES

Senior Executives are accountable for strategic risk management within areas under their control including the dissemination of the risk management process to operational managers. Collectively the Senior Executive is responsible for:

- (a) The formal identification of strategic risks that impact upon the Company;
- (b) Allocation of priorities;
- (c) The development of strategic risk management plans; and
- (d) The Senior Executive review progress against agreed risk management plans.

6. REVIEW

This Policy will be formally reviewed each year by the Board with input, as and when appropriate, from the Audit & Governance Committee.

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