

This document comprises a prospectus (the “**Prospectus**”) relating to Alphawave IP Group plc (the “**Company**”) prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the “**FCA**”) made under section 73A of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”). This Prospectus has been filed with, and approved by, the FCA as competent authority under Regulation (EU) 2017/1129 as it forms part of retained EU law (the “**UK Prospectus Regulation**”), and has been made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation; such approval should not be considered as an endorsement of the Company that is, or the quality of the securities that are, the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Application will be made to the FCA in its capacity as competent authority under the FSMA for all of the ordinary shares of the Company (the “**Ordinary Shares**”) issued and to be issued in connection with the Global Offer (as defined below), to be admitted to the standard listing segment of the Official List of the FCA (the “**Official List**”) and to trading on the main market for listed securities of the London Stock Exchange plc (the “**London Stock Exchange**”) (together, “**Admission**”). The Company is allotting and issuing 87,835,796 new Ordinary Shares (the “**New Shares**”) and the Selling Shareholders (as defined in Part XX: “**Definitions**”) are selling 120,859,856 Ordinary Shares (the “**Sale Shares**”) and, together with the New Shares, the “**Offer Shares**”) pursuant to an offer to certain institutional and other investors (the “**Global Offer**”). Conditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 13 May 2021. It is expected that Admission will become effective, and that unconditional dealings in the Ordinary Shares on the London Stock Exchange will commence, at 8.00 a.m. on 18 May 2021. All dealings in the Ordinary Shares before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be on a “when issued” basis at the sole risk of the parties concerned.

No application has been or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other exchange. The New Shares issued by the Company will rank *pari passu* in all respects with the existing Ordinary Shares.

The directors of the Company, whose names appear on page 47 (the “**Directors**”), and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Prospective investors should read the entire Prospectus and, in particular, prospective investors are advised to examine all the risks that might be relevant in connection with an investment in the Offer Shares. See Part II: “Risk Factors” for a discussion of certain risks and other factors that should be considered prior to any investment in the Offer Shares.



Alphawave IP Group plc

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 13073661)

Prospectus

Global Offer of 208,695,652 Ordinary Shares at an Offer Price of 410 pence per Ordinary Share and admission to the standard listing segment of the Official List and to trading on the Main Market of the London Stock Exchange

Joint Global Co-ordinator and Joint Bookrunner

Barclays

Joint Global Co-ordinator and Joint Bookrunner

J.P. Morgan Cazenove

Joint Bookrunner

BMO Capital Markets

Issued and fully paid Ordinary Share capital immediately following Admission

Number	Nominal Value
664,965,934	£664,965,934

Barclays Bank PLC (“**Barclays**”) has been appointed as Joint Global Co-ordinator and Joint Bookrunner. J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) (“**J.P. Morgan**”) has been appointed as Joint Global Co-ordinator and Joint Bookrunner. BMO Capital Markets Limited (“**BMO Capital Markets**”) has been appointed as Joint Bookrunner. Each of Barclays, J.P. Morgan, and BMO Capital Markets (collectively, the “**Underwriters**”), is acting exclusively for the Company and no one else in connection with the Global Offer. Each of Barclays and J.P. Morgan is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom, and BMO Capital Markets is authorised and regulated by the FCA in the United Kingdom. They will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Global Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Global Offer or any transaction or arrangement referred to in this Prospectus. No representation or warranty, express or implied, is made by the Underwriters as to the accuracy, completeness or verification of the information set forth in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Underwriters by the FSMA or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, the Underwriters assume no responsibility for the accuracy, completeness or verification of this Prospectus and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement.

The Underwriters and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and the Selling Shareholders for which they would have received customary fees.

In connection with the Global Offer, Barclays Capital Securities Limited as stabilising manager (the “**Stabilising Manager**”), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares or effect other transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Global Offer.

In connection with the Global Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 15 per cent. of the total number of Offer Shares comprised in the Global Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Ordinary Shares effected by it during the stabilising period, each of July Twelve Capital Limited, Pitech Investments Inc., Jeevan Capital Inc. and 2641239 Ontario, Inc. (the “**Over-allotment Shareholders**”) have granted to it the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for up to 31,304,348 additional Ordinary Shares (representing up to 15 per cent. of the total number of Offer Shares comprised in the Global Offer) (the “**Over-allotment Shares**”) at the Offer Price. The Over-allotment Option is exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the thirtieth calendar day after the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares, will be purchased on the same terms and conditions as the Ordinary Shares being issued or sold in the Global Offer and will form a single class for all purposes with the other Ordinary Shares.

Recipients of this Prospectus are authorised solely to use it for the purpose of considering the acquisition of the Offer Shares and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in the Offer Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

The Offer Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective purchasers should read the restrictions contained in paragraph 12 of Part XVIII: “*The Global Offer — Selling and Transfer Restrictions*”. Each purchaser of the Offer Shares will be deemed to have made the relevant representations made therein.

This Prospectus does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, any Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The Offer Shares have not been, and will not be, registered under the US Securities Act. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S (“**Regulation S**”) under the US Securities Act of 1933 (the “**US Securities Act**”), and within the United States to persons reasonably believed to be “qualified institutional buyers” as defined in and in reliance on Rule 144A under the US Securities Act (“**Rule 144A**”) or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Prospective purchasers are hereby notified that sellers of the Sale Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Offer Shares and the distribution of this Prospectus, see paragraph 13 of Part XVIII: “*The Global Offer — Selling and Transfer Restrictions*”.

None of the US Securities and Exchange Commission (the “**SEC**”), any other US federal or state securities commission or any US regulatory authority has approved or disapproved of the Offer Shares nor have such

authorities reviewed, passed upon or endorsed the merits of the Global Offer or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence. There will be no public offering of the Offer Shares in the United States.

Prior to making any decision as to whether to subscribe for or purchase Offer Shares, prospective investors should read this Prospectus in its entirety and should not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination, analysis and enquiries of the Company and the terms of the Global Offer, including the merits and risks involved.

Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company's affairs or that the information set forth in this Prospectus is correct as of any date subsequent to the date of such information. The contents of this document should not be construed as legal, business, financial or tax advice. None of the Company, the Selling Shareholders or the Underwriters, or any of their respective representatives, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Selling Shareholders or the Underwriters to permit a public offering of the Offer Shares or to permit the possession, issue or distribution of this Prospectus in any jurisdiction where action for that purpose may be required. Accordingly, neither this Prospectus nor any advertisement nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In particular, no actions have been taken to allow a public offering of the Offer Shares under the applicable securities laws of any jurisdiction, including Australia, Canada, Japan or the United States. Subject to certain exceptions, the Offer Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen of any jurisdiction, including Australia, Canada, Japan or the United States.

Information to Distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK Product Governance Requirements**”), (and/or any equivalent requirements elsewhere, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK Product Governance Requirements and/or any equivalent requirements elsewhere) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Global Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action, whatsoever, with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

Dated 13 May 2021.

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PART I
SUMMARY INFORMATION

A. INTRODUCTION AND WARNINGS

A.1.1 *Name and international securities identifier number (ISIN) of the securities*

Ordinary Shares; ISIN code GB00BNDRMJ14

A.1.2 *Identity and contact details of the issuer, including its Legal Entity Identifier (LEI)*

Alphawave IP Group plc is a public limited company, incorporated in England and Wales. Its registered office is at 6th Floor, 65 Gresham Street, London EC2V 7NQ, United Kingdom. The Company's telephone number is +44 (0) 207 717 5877 and its Legal Entity Identifier is 213800ZXT021EU4VMH37.

A.1.3 *Identity and contact details of the competent authority approving the prospectus*

This prospectus (the “**Prospectus**”) has been approved by the FCA, as competent authority, with its head office at 12 Endeavour Square, London E20 1JN, and telephone number: +44 20 7066 1000, in accordance with Regulation (EU) 2017/1129 as it forms part of retained EU law (the “**UK Prospectus Regulation**”).

A.1.4 *Date of approval of the prospectus*

This Prospectus was approved by the FCA on 13 May 2021.

A.1.5 *Warning*

This summary has been prepared in accordance with Article 7 of the UK Prospectus Regulation and should be read as an introduction to this Prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of this Prospectus as a whole by the investor. Any investor could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or if it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.

B. KEY INFORMATION

B.1 Who is the issuer of the securities?

B.1.1 *Domicile, legal form, LEI, jurisdiction of incorporation and country of operation*

The Company is incorporated in England and Wales with its registered office in England and its Legal Entity Identifier is 213800ZXT021EU4VMH37. The Company was incorporated and registered as a public company limited by shares in England and Wales on 9 December 2020, with registered number 13073661 under the Companies Act 2006.

B.1.2 *Principal activities*

The Group builds industry-leading wired connectivity solutions that enable data to travel faster, more reliably and using lower power. The Group focuses on the design and development of digital signal processing (DSP)-based, multi-standard wired connectivity silicon IP solutions. The Group addresses this growing need for advanced and high-speed data transmission at the chip level. The Group's IP solutions support data transmission in semiconductor devices, chips and dies, providing designs for interfaces that utilise advanced data transmission technology to ensure the highest transmission speeds at low power levels. The Group believes that its technology expertise, strong customer relationships and industry experience support its development of cutting-edge solutions that enable the chip design powering next-generation technologies. Its solutions have established multiple benchmarks in the industry in terms of performance, power consumption, size and flexibility.

B.1.3 *Major shareholders*

Insofar as it is known to the Company as at the date of this Prospectus, the following persons will, immediately prior to and immediately following Admission, be directly or indirectly interested

(within the meaning of the Companies Act 2006) in 3 per cent. or more of the Company's issued ordinary share capital or voting rights:

Shareholder	Immediately prior to Admission ⁽¹⁾		Immediately following Admission ⁽²⁾	
	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares	Percentage of issued ordinary share capital
The Tony Pialis (2017) Family Trust ⁽³⁾	112,756,760	20.00	95,333,160	14.34
The Rajeevan Mahadevan (2017) Family Trust ⁽⁴⁾	112,756,760	20.00	95,333,160	14.34
2641239 Ontario Inc. ⁽⁵⁾	112,756,740	20.00	95,333,140	14.34
Sutardja Family LLC ⁽⁶⁾	96,338,980	17.09	78,896,880	11.86
July Twelve Capital Limited ⁽⁷⁾	44,048,180	7.81	26,624,584	4.00
Wise Road Alpha Investment Fund I, L.P.	37,037,040	6.57	30,331,520	4.56
Wise Road Industry Investment Fund I, L.P.	18,518,520	3.28	15,165,760	2.28
Certain funds and accounts under the management of BlackRock ⁽⁸⁾	—	—	67,934,088	10.22
Henderson Global Investors Limited ⁽⁸⁾	—	—	20,780,487	3.13

Notes:

- (1) On the basis that each share currently held in Alphawave IP Inc. will be exchanged for twenty Ordinary Shares as part of a Pre-IPO Reorganisation.
- (2) Assumes no exercise of the Over-allotment Option.
- (3) This includes interests held by Pitech Investments Inc., a discretionary beneficiary of The Tony Pialis (2017) Family Trust and a person closely associated with Tony Pialis (within the meaning of the Market Abuse Regulation). Tony Pialis is the trustee of The Tony Pialis (2017) Family Trust and he is also a discretionary beneficiary.
- (4) This includes interests held by Jeevan Capital Inc., a discretionary beneficiary of The Rajeevan Mahadevan (2017) Family Trust and a person closely associated with Rajeevan Mahadevan (within the meaning of the Market Abuse Regulation). Rajeevan Mahadevan is the trustee of The Rajeevan Mahadevan (2017) Family Trust and (through a wholly owned company) he is also a discretionary beneficiary.
- (5) The shares of 2641239 Ontario Inc. are wholly owned by The Jonathan Rogers (2018) Family Trust. Jonathan Rogers is the trustee of The Jonathan Rogers (2018) Family Trust.
- (6) Sehat Sutardja holds 10 per cent. of the shares in Sutardja Family LLC. The remaining shares are held by his family members.
- (7) July Twelve Capital Limited is a person closely associated with John Lofton Holt (within the meaning of the Market Abuse Regulation). In addition to the interests listed in this table, July Twelve Capital Limited also has an option to purchase up to 51,531,420 Exchangeable Shares in aggregate from The Tony Pialis (2017) Family Trust, 2641239 Ontario Inc. and The Rajeevan Mahadevan (2017) Family Trust.
- (8) Assumes no Ordinary Shares are acquired beyond the commitments in the Cornerstone Investment Agreements. Subject to the terms of these agreements, certain funds and accounts under the management of BlackRock have agreed to subscribe for, in aggregate, approximately USD \$390.4 million of Offer Shares at the Offer Price, and Henderson Global Investors Limited has agreed to subscribe for approximately GBP £85.2 million of Offer Shares at the Offer Price.

A portion of the interests of The Tony Pialis (2017) Family Trust, The Rajeevan Mahadevan (2017) Family Trust, 2641239 Ontario Inc. and certain other pre-IPO shareholders in the Company immediately prior to Admission (“**Exchangeable Shareholders**”) will be held through Ordinary Shares that will be issued to Project AuroralP Limited (“**JerseyCo**”) on the Effective Date. These Ordinary Shares (referred to as “**Underlying Shares**”) will be legally and beneficially owned by JerseyCo, except that (i) the Exchangeable Shareholders will have a right to direct the voting rights attaching to such shares, and (ii) JerseyCo will irrevocably waive its rights to distributions declared on such shares for as long as it holds them. Each of the Exchangeable Shareholders will also be issued with Exchangeable Shares on a one-for-one basis for each Ordinary Share that will be held by JerseyCo. The Exchangeable Shares can be redeemed at any time for a cash price that can be satisfied by the transfer to such Exchangeable Shareholder of an Underlying Share. Each Exchangeable Share also carries a right to receive, upon redemption, a cash payment that is equal to all dividends and distributions declared on an Ordinary Share from time to time. The total number of Underlying Shares that will be issued to JerseyCo is expected to be 266,572,359 representing 40.09 per cent. of the Company's issued ordinary share capital.

B.1.4 Key managing directors

John Lofton Holt, born in December 1975, will be the Executive Chairman of the Company, Tony Pialis, born in June 1976, will be the President and Chief Executive Officer of the Company and Daniel Aharoni, born in April 1974, will be Chief Financial Officer of the Company.

B.1.5 Identity of the statutory auditors

By resolution of the Directors dated 16 April 2021, KPMG LLP, whose registered address is at 15 Canada Square, London E14 5GL, was appointed as the statutory auditor to the Company.

B.2 What is the key financial information regarding the issuer?

The selected financial information set out below has been extracted without material adjustment from the historical financial information of the Group (the “**Consolidated Historical Financial Information**”) as at and for the year ended 31 December 2020, as at and for the seven months ended 31 December 2019, as at and for the year ended 31 May 2019 and as at and for the year ended 31 May 2018. The Consolidated Historical Financial Information is presented in Canadian Dollars and, unless otherwise indicated, the financial information contained in this Prospectus has been presented in Canadian Dollars.

Selected consolidated statement of income and comprehensive income information

	Year ended 31 May 2018	Year ended 31 May 2019	7 months ended 31 December 2019	Year ended 31 December 2020
			(\$ thousands)	
Revenue	3,488	6,912	9,313	44,197
Expenses	(2,255)	(6,234)	(6,058)	(20,286)
Operating Profit	1,233	678	3,255	23,911
Other Income (loss)				
Interest income	—	9	5	266
Interest expense	—	—	(72)	(262)
Foreign currency translation gain (loss)	(8)	205	(221)	(1,317)
Recovery of (provision for) income taxes	(281)	(380)	(831)	(6,225)
Total Profit and Comprehensive Income	944	512	2,136	16,373

Selected consolidated statement of financial position information

	As at 31 May 2018	As at 31 May 2019	As at 31 December 2019	As at 31 December 2020
			(\$ thousands)	
Total Current Assets	6,445	8,275	12,825	42,199
Total Non-current Assets	96	196	1,409	9,507
Total Assets	6,541	8,471	14,234	51,706
Total Current Liabilities	5,380	6,617	9,301	21,864
Total Non-current Liabilities	210	314	934	7,191
Total Liabilities	5,590	6,931	10,235	29,055
Total Shareholders' Equity	951	1,540	3,999	22,651

Selected consolidated statement of cash flows information

	Year ended 31 May 2018	Year ended 31 May 2019	7 months ended 31 December 2019	Year ended 31 December 2020
		(\$ thousands)		
Net Cash Generated from/(Used in) Operations	5,309	(351)	(124)	14,518
Net Cash Used in Investing Activities	(118)	(155)	(88)	(624)
Net Cash Generated from/(Used in) Financing Activities	1	13	2,462	(3,024)
Net Change in Cash for the Period	5,192	(493)	2,250	10,870
Foreign currency translation (loss)/gain on cash	50	265	43	(302)
Cash, Beginning of Period	—	5,242	5,014	7,307
Cash, End of Period	5,242	5,014	7,307	17,875

There are no qualifications in the Accountant's Report on the financial information included in this Prospectus.

Unaudited pro forma statement of net assets

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the impact of the issue of ordinary shares in the Company on the net assets of Alphawave IP Inc., as if the issue of ordinary shares in the Company had taken place on 31 December 2020. The unaudited pro forma statement of net assets has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The unaudited pro forma statement of net assets of the Group is based on the consolidated net assets of Alphawave IP Inc. as at 31 December 2020 and has been prepared on the basis that the issue of ordinary shares in the Company was effective as of 31 December 2020 and in a manner consistent with the accounting policies to be adopted by the Company in preparing the audited financial statements for the period ending 31 December 2021.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and in accordance with Annex 20 of the Commission Delegated Regulation (EU) 2019/980. Because of its nature, the unaudited pro forma statement of net assets addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited pro forma statement of net assets does not constitute a statutory account within the meaning of section 434 of the Companies Act 2006.

	As at 31 December 2020 ⁽¹⁾	Adjustments for net proceeds of the Global Offer ⁽²⁾	Adjustment for Cash Inflows relating to Exercise of Options ⁽³⁾	Adjustment for proceeds from Director Share purchases ⁽⁴⁾	Pro forma net assets
			(\$ thousands)		
Total Current Assets	42,199	582,838	4,918	1,560	631,516
Total Non-current Assets	9,507	—	—	—	9,507
Total Current Liabilities	21,864	(346)	—	—	21,518
Total Non-current Liabilities	7,191	—	—	—	7,191
Net Assets	22,651	583,184	4,918	1,560	612,314

Notes:

- (1) The financial information of the Group has been extracted without material adjustment from the Group's audited consolidated financial statements as at and for the year ended 31 December 2020.
- (2) The adjustment in Note 2 represents the net proceeds retained by the Group from the Global Offer. The net proceeds comprise gross proceeds of \$619.4 million (calculated as £360.1 million of proceeds from the Global Offer converted to Canadian dollars at the 31 December 2020 rate of £1:\$1.7199) less transaction costs of \$36.5 million. As at 31 December 2020, \$346,000 of the \$36.5 million transaction costs had been recorded in Accounts Payable and accrued liabilities, the pro forma adjustment presented above assumes all of the \$36.5 million transaction costs, including the \$346,000 held within Accounts Payable and accrued liabilities, is settled in cash on completion of the Global Offer.

- (3) The adjustment in Note 3 represents the proceeds received by the Company as a result of share options exercised by employees of the Group in connection with the Global Offer.
- (4) The adjustment in Note 4 represents the proceeds received by the Company as a result of Share purchases by certain Non-Executive Directors on Admission.

B.3 *What are the key risks that are specific to the issuer?*

Risks related to the Group and its business

- Demand for the Group's IP solutions is driven by a number of factors, and its operating and financial performance could deteriorate significantly if demand for its IP solutions declines in the future.
- The COVID-19 pandemic may have a significant negative impact on the Group's operating and financial performance and liquidity.
- The Group depends on a limited number of customers for a substantial majority of its revenue. If the Group fails to retain or diversify its customer relationships or if its customers cancel or reduce their purchase commitments, the Group's revenue could decline significantly.
- The Group's business, operating results and prospects could be negatively affected by existing or emerging competitors.
- The nature of the design win process requires the Group to incur expenses without any guarantee that research and development efforts will lead to new licence agreements or targeted customer wins, which could adversely affect its financial results.
- The Group may not generate timely or targeted revenue or margins from its design wins.
- The sales cycle for the Group's IP solutions is lengthy and unpredictable, which makes forecasting customer orders and revenue difficult.
- The Group's business is currently significantly dependent on licensing revenue, which may vary period to period.
- Royalty rates could decrease for existing and future licence agreements, which could materially adversely affect the Group's operating results.
- The Group's revenue levels in future periods may not match recorded bookings.

C. KEY INFORMATION ON THE SECURITIES

C.1 *What are the main features of the securities?*

C.1.1 *Type, class and ISIN*

When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BNDRMJ14 and SEDOL number BNDRMJ1.

C.1.2 *Currency, denomination, par value, number of securities issued and duration*

The currency of the Ordinary Shares is Pounds Sterling. On Admission, the issued ordinary share capital of the Company will be £664,965,934, comprising 664,965,934 Ordinary Shares of nominal value £1 each, all of which will be fully paid or credited as fully paid.

C.1.3 *Rights attached to the Ordinary Shares*

The rights attaching to the Ordinary Shares, upon Admission, will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. Subject to the provisions of the Companies Act 2006, any equity securities issued by the Company for cash must first be offered to the holders of ordinary shares in the capital of the Company in proportion to their holdings. The Companies Act 2006 and the Listing Rules allow for disapplication of pre-emption rights which may be waived by a special resolution of the holders of ordinary shares, whether generally or specifically, for a maximum period not exceeding five years. On a show of hands, every shareholder who is present in person shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote per Ordinary Share held by it.

The Exchangeable Shares will ultimately have economic entitlements that are substantially equivalent (subject to certain differences in respect of Distributions) to the Ordinary Shares. Exchangeable

Shareholders will also be entitled, through the mechanics provided for in the Voting and Exchange Trust Agreement, to direct the Voting Trustee as to the exercise of the votes attaching to one Ordinary Share for each Exchangeable Share held by the Exchangeable Shareholders on the same basis and in the same circumstances as if the Exchangeable Shareholder held one Ordinary Share.

C.1.4 *Rank of securities in the issuer's capital structure in the event of insolvency*

The Ordinary Shares do not carry any rights to participate in a distribution (including on a winding-up) other than those that exist under the Companies Act 2006. The Ordinary Shares will rank *pari passu* in all respects.

The Company will also, on and following Admission, have in issue 50,000 non-voting and unlisted preference shares. The preference shares carry no rights to receive any of the profits of the Company available for distribution by way of dividend or otherwise.

C.1.5 *Restrictions on the free transferability of the securities*

The Ordinary Shares are freely transferable and there are no restrictions on transfer.

C.1.6 *Dividend or payout policy*

In the near term, the Group currently intends to retain any future earnings to finance the operation and expansion of its business, and to drive continued growth. The Group will review its dividend policy on an ongoing basis, with respect to the cash position of the Group, the growth of the Group's businesses, and the macroeconomic environment, but does not expect to declare or pay any dividends for the foreseeable future.

It is not expected that Exchangeable Shareholders will receive Distributions from ExchangeCo. To maintain substantial economic equivalence with the Shareholders, Exchangeable Shareholders will, however, be entitled to receive the Economic Equivalence Payment upon the retraction, redemption or purchase, as the case may be, of their Exchangeable Shares.

Pursuant to the Voting and Exchange Trust Agreement, JerseyCo will irrevocably waive its rights to receive Distributions attaching to its Underlying Shares from time to time for as long as it holds such Underlying Shares and, as such, will not receive any dividends paid by the Company.

C.2 *Where will the securities be traded?*

Application will be made to the FCA for all the Ordinary Shares, issued and to be issued, to be admitted to the standard listing segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

The Exchangeable Shares will not be listed on any stock exchange.

C.3 *What are the key risks that are specific to the securities?*

- The proposed listing of the Ordinary Shares on the standard listing segment of the Official List will afford Shareholders a lower level of regulatory protection than a listing on the premium listing segment would.
- There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained.
- The value of the Ordinary Shares may fluctuate significantly.
- The Group has significant shareholders whose interests may not be aligned with those of other shareholders.
- The market price of the Ordinary Shares could be negatively affected by sales of substantial amounts of Ordinary Shares in the public markets by the Principal Shareholders and their associates, including following the expiry of the lock-up period, or the perception that such sales could occur.
- The issuance of additional Ordinary Shares in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute other shareholdings.

D. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

D.1 *Under which conditions and timetable can I invest in this security?*

It is expected that admission of the Ordinary Shares to listing and trading on the London Stock Exchange will become effective and that unconditional dealings will commence at 8.00 a.m. (UK time) on 18 May 2021. It is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. on 13 May 2021. The earliest date for settlement of such dealings will be 18 May 2021. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a “when-issued” basis, will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

D.2 *Why is this prospectus being produced?*

This Prospectus has been prepared in connection with the application for adding the Ordinary Shares to the standard listing segment of the Official List and to trade the Ordinary Shares on the London Stock Exchange’s main market for listed securities. The Company will receive net proceeds (after deducting estimated underwriting commissions (including the maximum amount of any discretionary commissions) from the issue of the New Shares in the Global Offer and other fees and expenses of the Global Offer (including VAT) payable by the Company) of approximately £338.9 million.

The Company intends to use all of the net proceeds from the issue of the New Shares:

- to support the Group’s future growth and development by scaling its team globally, enhancing its technology offering and winning new customers and new designs at existing customers (approximately 20 per cent.);
- to continue to expand the Group’s global offering, including in high-growth regions, and further IP offerings to expand subscription and royalty revenue streams (approximately 40 per cent.); and
- to service customer demand for chiplets incorporating the Group’s technologies and IPs, including licensing and manufacturing capabilities, and general corporate purposes (approximately 40 per cent.).

PART II

RISK FACTORS

An investment in the Offer Shares is subject to significant risks. Prior to investing in the Offer Shares, prospective investors should carefully consider all of the information in this Prospectus and, in particular, the risks described below before deciding to invest in the Offer Shares. The following describes some of the significant risks that could affect the Group and the value of the Offer Shares. Additionally, some risks may be unknown to the Group and other risks, currently believed to be immaterial, could turn out to be material. Each of these could materially and adversely affect the Group's business, financial condition, results of operations and prospects. The market price of the Offer Shares could decline due to any of these risks and Shareholders may lose all or part of their investment. This Prospectus also contains forward-looking statements that involve risks and uncertainties, including those described under Part III: "Presentation of Information on the Group — Information Regarding Forward-Looking Statements" and elsewhere in this Prospectus. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Group described below and elsewhere in this Prospectus.

The risks described below are not an exhaustive list or explanation of all risks that investors may face when making an investment in the Offer Shares. To the extent the description in this section relates to government or macroeconomic data, such information has been extracted from official government publications or other third-party sources and has not been independently verified by the Group.

Risks Related to the Group and its Business

Demand for the Group's IP solutions is driven by a number of factors, and its operating and financial performance could deteriorate significantly if demand for its IP solutions declines in the future.

The Group designs and licenses high-performance configurable wired connectivity IP platforms for customers that operate in various markets, and their end-market customers, including data centre, artificial intelligence ("AI"), 5G wireless infrastructure, data networking, autonomous vehicles and solid-state storage. It targets a variety of customers in these markets, including large semiconductor device suppliers, system-level original equipment manufacturers ("OEMs") and outsourced semiconductor wafer foundries who service their own customers. The Group seeks to provide technologically leading products and must constantly innovate in order to meet evolving industry trends and customer demands, and it must ensure that its IP solutions gain and maintain market acceptance despite changes in customer and end-product requirements. Currently, the industries that the Group serves are experiencing the following key trends:

- Exponential growth of IP traffic and data generation;
- Rapid proliferation of Internet of Things ("IoT") connected devices;
- Strong growth and expansion of data centres around the world;
- Increasing cost and complexity in design and manufacturing of integrated circuits;
- Disintegration of chip design into multiple chips and chiplets, driven by complexity and yield challenges as manufacturing nodes become smaller;
- Increased reliance on third-party specialists for high-speed connectivity IP; and
- Increasing ambitions amongst OEMs to design their own chips for proprietary differentiation.

Although these trends have supported the Group's growth, and the Company expects these will support its projected growth, future demand for the Group's IP solutions is dependent on its development and innovation capabilities, as well as broader market factors and customer trends, such as the growth and development of its target markets, its customers' performance and operating strategies and market growth for the end-products utilising the Group's IP solutions, as described below:

Failure to drive innovation through research and development ("R&D"), or timely bring new technologies to market, may harm the Group's future growth and competitiveness.

The Group and its customers operate in market segments that are characterised by technologically advanced applications, such as innovative complex AI chips and high-density networking switches. To compete successfully, the Group must respond quickly and successfully to industry trends and to competitor and in-house product developments, improve its existing products and processes and develop new products and processes on a schedule that, at least, keeps pace with technological developments and

requirements. If the Group is unable to develop new, innovative and differentiated technologies to respond to evolving customer demands, or if it is unable to do so on a timely and cost-effective basis, its products may become obsolete or less competitive and may fail to achieve continued market acceptance.

If the Group is unable to respond quickly and successfully to end-customer needs, it may lose its competitive position, and its products or technologies may become obsolete or prove less competitive and suffer a loss of market share. The Group operates in highly competitive industries (see “*The Group’s business, operating results and prospects could be negatively affected by existing or emerging competitors*”), and its IP platforms and product offerings must be enhanced periodically to reduce the likelihood that a competitor surpasses the capabilities that it offers. In addition, as significant portions of the Group’s revenue have historically been derived from a limited number of customers (see “*The Group depends on a limited number of customers for a substantial majority of its revenue. If the Group fails to retain or diversify its customer relationships or if its customers cancel or reduce their purchase commitments, the Group’s revenue could decline significantly*”), and the Group’s targeted growth will require it to develop deep relationships with new customers in the coming years, continued technological advances are essential for the Group to meet its growth targets.

The Group may face a number of risks that could negatively impact its R&D activities and capabilities, such as loss of key employees, prolonged IT disruptions or outages and supplier interruptions, and it may not respond adequately to evolving industry trends or requirements. In addition, if the cost of R&D activities were to increase significantly in the future, it may negatively impact the Group’s ability to invest in technological advances, which could exacerbate risks related to meeting customer needs and offering solutions that meet evolving industry trends. Any failure by the Group to consistently drive innovation and develop commercially successful products, to time these developments with market demand or to achieve market acceptance for its innovations may prevent it from recouping or realising a return on its investment in R&D or capitalising on market opportunities.

The Group’s ability to drive innovation through its R&D activities is also dependent on its ability to protect its intellectual property and ensure its R&D and design operations do not violate third-party intellectual property protections (see “*The Group risks harming its business and competitive position as it may not be able to protect its intellectual property, including its proprietary technology, its development and know-how from competitors or public disclosure*”).

The Group’s target markets may not grow or develop as it currently expects, and if it fails to penetrate new markets and scale successfully within those markets, its revenue and financial condition would be harmed.

The Group addresses a variety of end-markets, and each of these markets presents distinct and substantial challenges and risks and, in many cases, requires the Group to develop new customised solutions to address the particular end-market requirements. As a result, the Group’s continued success will depend significantly on its ability to accurately anticipate changes in industry standards and to continue to appropriately fund development efforts to enhance its existing products or introduce new products in a timely manner.

The Group may be unable to predict the timing or development of trends in these end-markets with any accuracy and new developments in its target markets may not be beneficial to it. If the Group fails to accurately predict market requirements or market demand for its solutions and capitalise on this (including through successful R&D and product development), its business will suffer. For example, the Group’s design and development activities and its targeted growth includes migration in key markets to advanced process nodes such as 7nm and 5nm and below, and for high-speed (112G and 224G) connectivity for chip interfaces. Although market technology needs are expected to require these advances in the coming months and years, the Group’s revenue and financial condition would be harmed if demand falls below expectations. The Group aims to continue developing IP solutions for anticipated industry needs (which allows it to maintain existing customers and win new customers). However, it may not always correctly evaluate future market needs and there can be no assurance that the Group will always be able to develop solutions on a cost-effective basis or at all.

The Group may experience difficulties demonstrating the value to customers of newer products if they believe existing products are adequate to meet end-customer expectations. If the Group is unable to license new generations of products (including if end-customers do not demand the underlying technological advances), this could slow down the stream of licensing revenue and targeted royalty revenue and limit the ability of the Group to increase royalty rates for new product generations. In

addition, a market shift towards an industry standard that the Group may not support could significantly decrease the demand for its solutions. If the Group is unable to anticipate such changes or to invest sufficient time and resources into pursuing innovations and advances to meet industry demand, it may lose existing customers or be unable to win new customers.

Meeting the technical requirements and securing design wins in new markets targeted by the Group will require a substantial investment of time and resources. The Group may not secure design wins or achieve meaningful revenue from licence arrangements in these or other new markets. If any of these markets do not develop as the Group currently anticipates or if it is unable to penetrate and scale successfully in them, it may not attain projected revenue levels.

The Group's customers (and their end-market customers) may be negatively affected by macroeconomic or other conditions.

The Group's financial performance is influenced by its customers' demand sensitivity to broader economic and social conditions. These can include wide-ranging factors from domestic and global geopolitical events to macroeconomic and health conditions in significant countries or globally, which may have an impact on demand for consumer and other products that utilise the Group's solutions. In particular, factors in recent years such as the COVID-19 pandemic, the United Kingdom's exit from the European Union, trade disputes and other geopolitical tensions have created economic uncertainty, which has at various times and to varying degrees negatively impacted consumer demand and confidence, global investment and broader economic conditions. As the Group and its customers operate in a number of jurisdictions globally, the impact of these factors can be significant if they occur across a large number of countries simultaneously. If these factors are severe, or continue for a prolonged period of time, they may have a significant impact on demand for the Group's customers' products and services, which could negatively affect their need for existing Group solutions and their demand for new technological advances. See *"The international scope of the Group's operations exposes it to a number of global and regional economic, political, legal, regulatory and other risks"*.

The Group's operating and financial performance is dependent on design and other business activities of its customers and their success in commercialising their products that incorporate the Group's IP.

The Group does not sell its IP solutions directly to end-users. Instead, it licenses its technology primarily to semiconductor companies and electronic equipment manufacturers, who then incorporate the Group's technology into the products they develop and sell. Because the Group's IP solutions are integrated into end-products, if semiconductor companies and electronic equipment manufacturers do not incorporate the Group's solutions into their end-products or if the end-products of its customers do not achieve market acceptance, the Group may not be able to generate adequate revenue.

The Group's customers' planning and purchasing decisions can also be influenced by the level of fees associated with use of the Group's IP solutions, including upfront licence fees, which may deter customers from undertaking product development activities that incorporate the Group's technologies and, as a result, negatively impact revenue over the longer term. See *"The Group depends on market acceptance of its third-party semiconductor intellectual property."*

Further, because the Group does not control the business practices of its customers, it does not influence the degree to which they promote the Group's technology or set the prices at which they sell products incorporating its technology, which can impact both licence fee revenue and royalty revenue over the longer term. The Group's customers may not devote satisfactory efforts to promote their end-products that incorporate the Group's IP solutions, which would negatively affect the Group's ability to enter into new licence arrangements and could, in the longer term, hinder its ability to achieve broader market acceptance of its IP solutions and innovations and lead to lower revenue than targeted.

In addition, the Group's royalties from licences are generally dependent upon the success of its customers in introducing products incorporating its technology and the success of those products in the marketplace. All of the industries the Group licenses into are highly competitive and may be subject to significant economic downturns at various times. These downturns are characterised by production overcapacity and reduced revenue levels, which at times may encourage semiconductor companies or electronic product manufacturers to reduce their expenditure on the Group's technology or the adoption of newer technology. To the extent that customers experience lower sales levels than anticipated, whether due to market or other factors, it would negatively impact the level of revenue that the Group derives from those relationships. If the Group's existing customers and other participants in the end-user markets, where the

Group and its customers operate, reduce their use of the Group's existing IP solutions or do not incorporate new innovations into their products, it may lead to a significant reduction in demand for the Group's existing products and limit the Group's ability to meet its growth targets.

If the Group's products do not conform to, or are not compatible with, existing or emerging industry standards, demand for its existing solutions may decrease, which in turn would harm the Group's business and operating results.

The Group designs certain of its products to comply with a variety of current industry standards and so do its customers. Some industry standards may not be widely adopted or implemented uniformly and competing standards may emerge that may be preferred by the Group's customers and its customers' customers. In addition, existing standards may be challenged as infringing upon the intellectual property rights of other companies or may be superseded by new innovations or standards.

The Group's ability to compete in the future will depend on its ability to identify and ensure compliance with evolving industry standards in its target markets, including in the data centres and wireless infrastructure markets. The emergence of new industry standards could render its products incompatible with those developed by its customers or their other third-party providers. If the Group's customers adopt new or competing industry standards with which its solutions are not compatible, or if industry groups fail to adopt standards with which the Group's solutions are compatible, the Group's products would become less desirable to its current or prospective customers. As a result, the Group's financial performance would suffer and it could be required to make significant expenditures to develop new solutions.

The Group depends on market acceptance of its third-party semiconductor intellectual property.

The Group expects its future growth will depend on the level of market acceptance of its third-party licensable IP model, the variety of IP offerings available on the market, and a continued shift in customer preference away from in-house development of wired connectivity IP towards licensing outsourced connectivity IP cores and platforms. In particular, a number of the Group's customers have established in-house design and development capabilities, the development of which has required these customers to invest significant time and resources over a number of years. Although the Group's design wins and growth in recent years have evidenced that some customers with in-house design and development capabilities are willing to license third-party IP, these customers may invest additional resources in in-house capabilities, aim to increase usage of existing in-house design and development capabilities or for cost or other reasons beyond the Group's control attempt to in-source design and development activities that are currently undertaken by the Group. Furthermore, the Group's third-party licensable IP model is highly dependent on the market adoption of new end customer products, such as higher-density switches, next-generation 5G wireless infrastructure equipment, AI integrated circuits, and high-speed storage solutions, as well as other advanced solutions. Such market adoption is important because the increased cost associated with more complex architectures needed for these advanced products may encourage companies to license third-party IP rather than design it in-house. If the above-referenced market shifts do not materialise, or third-party connectivity IP does not achieve market acceptance, the Group's business, results of operations and financial condition could be materially harmed.

The cyclical nature of the analogue semiconductor industry may limit the Group's ability to maintain or improve entry into new customer agreements and profitability.

The semiconductor industry, including the segments in which the Group's customers and their customers compete, is highly cyclical and is prone to significant downturns from time to time. Cyclical downturns can result from a variety of market forces including constant and rapid technological change, rapid product obsolescence, price erosion, evolving standards, short product life cycles and wide fluctuations in product supply and demand, all of which can result in significant declines in demand for semiconductors and component technologies. Downturns may be characterised by diminished product demand, erosion of average selling prices ("ASP(s)") and other factors that impact the Group's customers and demand for its technologies, while significant or unexpected upturns in end-market demand may allow the Group's competitors to gain market share or introduce competing IP solutions if the Group is unable to satisfy the needs of existing and potential customers.

If the Group is unable to meet evolving industry and customer demands for advanced IP solutions, it could have a material adverse effect on its business, financial condition, results of operations and prospects.

The COVID-19 pandemic may have a significantly negative impact on the Group's operating and financial performance.

COVID-19, a potentially deadly respiratory tract infection caused by the SARS-CoV-2 virus, has spread rapidly through most of the world, causing a global public health crisis. On 11 March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The pandemic has resulted in national and local governments in affected countries around the world implementing stringent measures to help control the spread of the virus, including quarantines and nationwide lockdowns, which have been subject to change, sometimes at short notice, since the start of the pandemic.

The measures implemented by various authorities in response to the COVID-19 pandemic have caused the Group to change its business practices, including those related to where employees work, the distance between employees in the Group's facilities, limitations on in-person meetings between employees and with customers, suppliers, service providers and stakeholders, as well as restrictions on business travel to domestic and international locations and to attend trade shows, investor conferences and other events, which have resulted in inefficiencies, delays and additional costs in the Group's product development, sales, marketing, and customer service efforts. Although transmission rates have shown signs of slowing at various points during the course of the pandemic, and the potential for the roll-out of vaccines and other therapeutic treatments are anticipated to lessen the severity of the pandemic in the coming months and years, considerable uncertainty regarding the economic impact of the COVID-19 pandemic is likely to result in sustained market turmoil and severe global economic disruption. Although a number of vaccines have been introduced in recent months, distribution globally and within countries has been uneven and there remains significant uncertainty whether or how quickly they will support lifting of governmental and social measures and anticipated return of economic growth in the future. Continuation of governmental restrictions, continued spread of the virus (including the emergence of vaccine-resistant variants) or prolonged disruption in global markets could cause the Group's customers and end-users of its and their products to suffer significant economic hardship, including reduced demand for its customers' products, or issues in their supply chains that slow production rates, and therefore reduced demand for the Group's solutions and revenue.

The impact of the COVID-19 pandemic continues to evolve and its duration and ultimate disruption to the Group's business and the businesses of its customers and end-users, the overall demand for the Group's products, its supply chain and the related financial impact to the Group, as well as any similar disruptions that may result from any future pandemic, epidemic or other outbreak of infectious disease, will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the pandemic, its severity, the effectiveness of vaccines and other actions to contain the virus or treat its impact and how quickly and to what extent normal economic and operating conditions can resume, among others. As new information regarding COVID-19 variants continues to emerge, it is difficult to predict the full extent to which the disease will adversely impact the Group's operating and financial performance. Even after the COVID-19 pandemic has lessened or subsided, the Group may continue to experience adverse impacts as a result of its global economic impact. Weaker economic conditions, generally, could result in impairment in value of the Group's tangible or intangible assets. Furthermore, any disruption in credit markets impacted by COVID-19 could negatively impact the Group's customers and their suppliers or, in the longer term, impede the Group's ability to invest in research and development and sales and marketing initiatives, any of which could have a negative impact on the Group's business. The longer any such disruption continues, however, the more severe and adverse the effect of the pandemic is expected to be on the Group's business, financial condition, results of operations and prospects.

The Group depends on a limited number of customers for a substantial majority of its revenue. If the Group fails to retain or diversify its customer relationships or if its customers cancel or reduce their purchase commitments, the Group's revenue could decline significantly.

The Group has historically derived, and continues to derive, its revenue from a limited number of customers, which totalled 14 as at 31 March 2021. The Group's largest customer accounted for 20.6 per cent. of its total revenue for the year ended 31 December 2020. Measured as at that date, approximately 47 per cent. of the Group's cumulative bookings since its founding in 2017 were derived from its top three customers, and an additional 28 per cent. was derived from the next three largest customers. As a result of its customer concentration and the size of its existing customer base, the Group's revenue could fluctuate materially and could be materially and disproportionately impacted by the purchasing decisions of its largest customer and other significant customers, including due to the following factors:

- the Group's customers' sales levels for products that incorporate the Group's IP solutions and their demand for new design and development incorporating the Group's technologies;

- one or more significant customers discontinuing product lines that incorporate the Group's technology, or a change in direction of their business;
- evolution or other changes in key customers' needs as a result of developments in the market sectors where they operate;
- consolidation among key customers, which may increase a customer's negotiating leverage or result in a change in strategy or needs that reduces its demand for the Group's IP solutions, and increase the Group's exposure to customer concentration risks; and
- potential customers may be deterred from awarding the Group design wins or purchasing the Group's semiconductor solutions due to the Group's relationships with existing customers.

If the Group is unable to diversify its customer base, it will continue to be susceptible to risks associated with customer concentration. In particular, the Group's customer contracts are typically structured as master or framework agreements with associated statements of work ("SOWs"), under which the customer may place purchase orders over a specified time period, and these contracts do not generally include exclusivity or minimum order commitments. Although the Group believes that its proprietary technologies cannot be easily or quickly replicated, and that its customers will continue to be reliant on the Group's IP solutions for their products, these key customers may develop or locate alternative IP providers and there is no guarantee that the Group's existing customers will continue to use its IP solutions when developing new products or new generations of existing products. The Group expects that a significant portion of its future revenue will continue to be generated by a limited number of customers and, as a result, the loss of a key customer, the inability to deepen its relationship with key customers or the impact of other concentration-related risks could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's business, operating results and prospects could be negatively affected by existing or emerging competitors.

The Group is engaged in an intensely competitive segment of the global semiconductor industry. Its competitive landscape is characterised by rapid technological change in product design and manufacturing, price declines and customers that make decisions based on a mix of factors of varying importance. The Group competes on the basis of connectivity IP performance, power consumption, flexibility, footprint and overall chip cost. The relative importance placed on each of these factors varies from customer-to-customer and from market-to-market. The Group's ability to compete in this environment depends on many factors, including its ability to identify emerging markets and technology trends in an accurate and timely manner, introduce new and innovative products, implement new manufacturing technologies at a sustainable pace and maintain the performance and quality of its products, as well as its competitors' performance and general economic and industry market conditions.

Many of the Group's competitors have attempted to increase their share of the wired connectivity IP market and may reduce their licensing and royalty fees to attract customers and win market share at the Group's expense in the future. Given the long-term benefits that may arise from embedding a given technology in a significant volume of products, competitors may also engage in prolonged price competition in an attempt to establish their technology as an industry standard, which could create significant pricing competition in the short term as the Group works to maintain its existing customers and grow market share and have material negative impacts in the long term if industry standards develop in a direction away from the Group's IP solutions. The following industry players are key competitors and can impact competitive dynamic:

- third-party IP providers, such as Cadence, Synopsys, Rambus and Credo Semiconductor;
- IP providers who mostly deliver their IP with design services for application specific integrated circuits, ("ASICs"), such as Broadcom and Marvell;
- IP providers, such as Cadence and Synopsys, that engage in bundling of products and services; and
- internal engineering teams at large semiconductor suppliers.

Often the Group competes against larger companies that possess substantial financial, technical, development, engineering, manufacturing and marketing resources. Varying combinations of these resources provide advantages to these competitors that enable them to influence industry trends and adapt quickly to these trends and sustain higher levels of investment or longer periods of lower pricing. Such competitors may be able to develop innovative or competing products, adopt aggressive pricing policies and/or devote greater resources to the marketing, manufacturing and sale of their products, which may allow them to respond more quickly to emerging market opportunities or changes in customer demands and requirements. If any of the Group's

competitors implement new technologies before it does, those competitors may be able to provide products that are more effective or at lower prices, which could adversely impact the Group's revenue and market share. Competitors may also strategically leverage their existing customer relationships, for example, by bundling their connectivity IP solutions with other products or services that the Group does not offer, such as design services. This may discourage the Group's customers from purchasing its products or cause them to replace the Group's products with competitors' products. Competitors may also be able to influence industry acceptance of their products better than the Group does, to realise technological innovations sooner or to deliver products with performance comparable or superior to that of the Group's products at a lower cost. Any consolidation among competitors could enhance their manufacturing capabilities and efficiency, innovation capabilities, product and service offerings and financial and other resources, which would strengthen their competitive position.

A strong competitive response from one or more of the Group's competitors to its marketplace efforts, or a shift in customer preferences to competitors' products, could result in increased pressure on the Group to lower its prices more rapidly than anticipated, increased sales and marketing expense and/or market share loss. To the extent the Group's profitability is negatively impacted by competitive pressures and reduced pricing, it may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The sales cycle for the Group's IP solutions is lengthy and unpredictable, which makes forecasting customer orders and revenue difficult.

The sales cycle for the Group's IP solutions is lengthy, often lasting six to nine months from first contact with the customer, including while the customer conducts technical evaluations (including laboratory testing and customer trials) of the Group's technology, as well as competing technologies, to the point that the customer signs an agreement with the Group. In addition, purchasing decisions also may be delayed by a customer's internal budget approval process. Even once an agreement is reached, there is typically a lengthy period, in some cases multiple years, before the customer's product incorporating the Group's design reaches market production.

Given current market conditions, the Group also has less ability to predict the timing of its customers' purchasing cycle and potential unexpected delays in such a cycle. See *"The Group's revenue and operating results are difficult to predict accurately and may fluctuate significantly from period to period, including for a number of reasons beyond its control"*. The Group's revenue in a particular reporting period varies due to a number of factors, including potential order delays, uncertainty in the size of customer orders and end-market demand trends, the impact of which can be exacerbated by the Group's dependence on a limited number of customers to generate a significant amount of revenue. If orders forecasted for a specific customer for a particular period do not occur in that period, the Group's revenue and operating results for that particular period could suffer.

The nature of the design win process requires the Group to incur expenses without any guarantee that research and development efforts will lead to new licence agreements, or targeted customer wins, which could adversely affect its financial results.

The Group licenses its wired connectivity IP solutions to its customers who incorporate the Group's IP into their end-products. The selection process associated with the Group's licensing arrangements, called a "design win", is often competitive and long, and may require the Group to incur significant expenditures and dedicate valuable engineering resources to the development of new products without any assurance that it will achieve any design wins. As design wins are often a critical step in winning new customers and new business with existing customers, consistently achieving design wins is critical to the Group's strategy and growth targets.

Because the Group's customers use a particular IP design for an extended period, which typically lasts years in a single end-product or successive generations of the end-product, the Group's revenue in future years may be dependent on design wins that it has been awarded in prior years. While a design win typically results in a licence fee and non-recurring engineering ("NRE") revenue that is paid by the customer, a large part of future revenue at the Group may be based on product royalties. These royalties typically do not begin until the customer has completed the design, manufacturing and testing of its end-product and then commenced shipping its product in high volumes. In most cases, this is at least 18 to 24 months from the time of the original design win and entry into a licence agreement. As a result, the Group's revenue from a particular design win may generally, over the longer term, be significantly dependent on the customer's utilisation of the specific IP solution, which depends on a number of factors outside the Group's control, including demand for the customer's end-product. See *"Demand for the Group's IP solutions is driven by a number of factors, and its operating and financial performance could deteriorate significantly if demand for its IP solutions declines in*

the future". If the Group does not continue to achieve design wins in the short term, its revenue in future years will deteriorate.

Further, because of the significant costs associated with qualifying new suppliers, customers are likely to use the same or an enhanced version of semiconductor products from existing suppliers across a number of similar and successor products for a lengthy period of time. As a result, if the Group fails to secure an initial design win, it may lose the opportunity to enter into future licensing agreements for those technologies to that customer for a significant period of time. Failure to achieve initial design wins may also weaken the Group's position in future competitive selection processes because the Group may not be perceived as an industry leader.

The Group's strategy to expand its business model toward greater licensing of chiplet designs may expose the Group to additional risks from the design win process. In particular, as chiplet design and the process of integrating chiplets into a customer's device may be significantly more complex than core IP solutions, the chiplet licensing process may involve lengthier sales cycles, more time intensive design processes and higher levels of investment at the design stage when pursuing design wins than its current IP model. As a result, as the Group develops its chiplet offering and targets growth in this portion of its business, it may face greater risks arising from the design win process, including significant investment in design and engineering stages that do not result in corresponding revenue levels in future periods.

If the Group fails to anticipate or respond to technological shifts or market demands, or to develop new or enhanced products or technologies in a timely manner, it could result in decreased revenue and the loss of design wins to its competitors. Due to the interdependence of various components in the systems within which the Group's products and the products of its competitors operate, customers are unlikely to change to another design upon initial adoption, until the next generation of technology. As a result, if the Group fails to introduce new or enhanced products that meet the needs of its customers or penetrate new markets in a timely fashion, and the Group's designs do not gain acceptance, it will lose market share and its competitive position, which may have a material adverse effect on the Group's business, result of operations, financial conditions and prospects.

The Group may not generate timely or targeted revenue or margins from its design wins.

After incurring significant design and development expenditures and dedicating engineering resources to achieve a single initial design win for a product, there can be a significant degree of uncertainty regarding the customer's use of the design, including the volume of production and time period over which the design is utilised, which influence the Group's revenue, in particular royalty revenue, following a design win. The reasons for any such volume uncertainty and/or delay include, among other things, the following:

- changing customer requirements, resulting in an extended development cycle for the product;
- changes in the geopolitical environment and regulatory environment, resulting in customers using solutions from other providers;
- delay in the ramp-up of volume production of the customer's products into which the Group's solutions are designed;
- delay or cancellation of the customer's product development plans;
- competitive pressures on the Group to reduce the selling price for its products;
- the discovery of design flaws, defects, errors or bugs in the products;
- lower than expected customer acceptance of the solutions designed for the customer's products;
- lower than expected acceptance of the Group's customers' products; and
- higher prototyping and development costs than anticipated.

If the Group does not continue to achieve design wins in the short term, or its design wins do not lead to customer order levels or customer end-product production to the extent anticipated, then the Group may not be able to achieve expected revenue levels associated with these design activities. Moreover, even if a customer selects the Group's product, it cannot guarantee that this will result in any new licensing arrangements, as the customer may ultimately change or cancel its product plans, any of which may have a material adverse effect on the Group's business, result of operations, financial conditions and prospects.

The Group's business is currently significantly dependent on licensing revenue, which may vary period to period.

Although the Group is targeting growth of the proportion of its revenue derived from royalties in the future, a significant portion of the Group's revenue in the years since its founding, and substantially all of its revenue in the year ended 31 December 2020, has been, by the nature of its business model, derived from entry into licence agreements with customers (including amounts earned for NRE, support and maintenance and related fees). The Group has a diverse business model with licence fee, NRE, support and maintenance, and royalty as key revenue streams. However, in the year ended 31 December 2020, 69 per cent. of the Group's total bookings and substantially all of the Group's revenue was derived from licence and other non-royalty fees. Licence fees have historically formed a component of all of the Group's customer arrangements. These agreements cover the use of a particular IP solution, with the licence fee typically due upon execution of the agreement, subject to a payment schedule, which varies by customer, and receipt of licence fees reflects the timing of entry into new licence agreements with existing or new customers rather than the customer's usage of the design over the longer term. Licence fees are not recognised immediately upon payment, but are recognised over time as required by IFRS. As a result, revenue recognised from licensing arrangements varies significantly from period to period, depending on the number and size of deals closed during a quarter, and are difficult to predict. In addition, the Group's entry into licence agreements will not necessarily be indicative of the amount of bookings or of revenues, including royalty revenues, in any future period.

The Group's ability to succeed in its licensing efforts will depend on a variety of factors, including the performance, quality, breadth and depth of its current and future products, as well as its sales and marketing skills. In addition, some of the Group's licensees may in the future decide to satisfy their needs through in-house design and production. Any failure to obtain future licensing customers would impede the Group's targeted revenue growth and could materially harm its business.

Royalty rates could decrease for existing and future licence agreements, which could materially adversely affect the Group's operating results.

Even though the majority of the Group's revenue in recent years has been based on licensing revenue, it expects royalty payments may comprise a material portion of its revenue in the future. Royalties can fluctuate for a number of reasons related to the Group's relationship with a customer and the customer's utilisation of the Group's IP design. For example, ASPs, total bill of materials or percentage of gross margin for semiconductor products may vary during the lifespan of a product, which could negatively impact Group royalties calculated across all of these metrics. In addition, some customers may not be willing to pay royalties at all. In addition, in the future, the Group may be pressured to renegotiate existing licence agreements with its customers, as customers aim to reflect any pricing pressure on an end-product over the lifespan of a particular technology. Certain of the Group's licence agreements provide that royalty rates may decrease in connection with larger quantities of products incorporating its technology. Furthermore, the Group's competitors may lower the royalty rates for comparable products to win market share, which may force the Group to lower its royalty rates as well, even where it has an existing agreement with a set rate. Moreover, royalty rates may be negatively affected by macroeconomic trends (including from the global impact of the COVID-19 pandemic). As a consequence of the above referenced factors, as well as unforeseen factors in the future, the royalty rates the Group expects to receive for use of its technology could decrease, thereby decreasing future anticipated revenue and cash flow.

Calculation of bookings, backlog and pipeline are subject to certain estimates and assumptions, and bookings may not be fully realised as revenue in future periods.

The Group calculates bookings as the total value of licence fee, NRE, support and maintenance and some royalties that are expected by the Group based on the customer contracts it has entered into either since its founding (which are referred to as cumulative bookings) or in a given period, in each case whether or not those amounts have yet been recognised as revenue. However, the Group's bookings amount as of any date is not necessarily a definitive predictor of future revenue or results of operations as contracts included in the bookings, or payments thereunder, may be subject to cancellation, revision or delay.

The Group's customer contracts may or may not include customer volume-based royalties, prepaid royalties, "bullet" royalties, or other royalty arrangements, depending on its projected earnings under a given customer contract. As a result, in determining its reported bookings, the Group's management is required to make estimates and assumptions regarding customer requirements and demand levels under the terms of relevant contractual arrangements, including significant judgements about the timing and amount of future revenue levels under these contracts. Although the Group's management bases these estimates on historical experience,

communications with customers and other inputs and assumptions that management believes to be reasonable under the circumstances, customer demand may vary significantly from the Group's expectations for a variety of reasons (see "*Demand for the Group's IP solutions is driven by a number of factors, and its operating and financial performance could deteriorate significantly if demand for its IP solutions declines in the future*"). Furthermore, some of the Group's customers could experience liquidity issues, which could ultimately lead to a customer seeking to postpone or cancel a payment obligation, or repudiate, cancel or renegotiate a contract or going into bankruptcy. Any of the events could result in revenue generated being lower than that anticipated by the Group's reported bookings as of a given date.

As the Group calculates its backlog as the expected value of contracted revenue that has yet to be recognised as at a given date (or bookings less recognised revenue as at that date), its reported backlog is subject to the same assumptions regarding projected revenues and, as a result, may fluctuate or not be recognised as revenue for any of the reasons described above. In addition, these factors influence the Group's bookings pipeline, which generally reflects projected future bookings for approximately 18 to 24 months, based on customer discussions. As these pipeline amounts comprise targeted revenues from contracts that have not been, and may not ultimately be, signed, they are subject to fluctuate as discussions commence or cease, and as customer contracts are entered into and undertaken by the Group.

If the Group's bookings, backlog or pipeline fluctuate significantly or do not reflect revenues recognised in subsequent periods, including for any of the reasons described above, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Readers are therefore cautioned that bookings, backlog and, in particular, pipeline figures are subject to inherent uncertainty.

Reductions in the average selling prices of the Group's products could have a negative impact on its gross margins and operating margins.

The market for the Group's products is generally characterised by declining ASPs resulting from factors such as increased competition, the introduction of new products and increased bundling by competitors. The Group may in the future experience substantial period-to-period fluctuations in operating results due to declining ASPs. The Group anticipates that ASPs may decrease in the future in response to the introduction of new products by the Group or its competitors, or due to other factors, including pricing pressures from existing customers and new customers, which would negatively impact the Group's gross and operating margins.

The Group may be unable to reduce the cost of its products sufficiently to enable the Group to compete with others. The Group's cost reduction efforts may not allow it to keep pace with competitive pricing pressures and could adversely affect its gross margins. The Group maintains an infrastructure of facilities and human resources in several locations around the world and, as a result, has limited ability to reduce its operating costs. Accordingly, in order to remain competitive, the Group must continually reduce the cost of developing its products through design and engineering changes. The Group may not be successful in redesigning its products and bringing redesigned products to market in a timely manner, or associated costs may result in an inability to remain competitive or maintain or improve the Group's gross margins and operating margins. To the extent the Group is unable to reduce the prices of its products and remain competitive, its revenue will likely decline, resulting in further pressure on the Group's gross margins and operating margins.

In addition, the costs related to the Group's business model typically include significant NRE costs that customers pay based on the completion of milestones. The Group's operating margin may decline if its customers do not agree to pay for NREs or if they do not pay enough to cover the costs the Group incurs in connection with NRE activities. In addition, the Group's operating margin may decline if it is unable to sell products in sufficient volumes to cover the development costs that it has incurred.

Changes in product mix or customer mix may also lead to a deterioration of the Group's operating margins, even if revenue levels increase in future years. For example, if new customers have significantly different requirements than existing customers, and resulting new licensing arrangements are at lower ASPs and royalty rates than the Group's historical agreements, it could negatively impact the Group's operating margins. Similarly, the Group could experience declining operating margins if efforts to deepen its relationships with existing customers significantly impact product mix, for example if customers retain existing Group technologies for certain products for a lengthy period of time, at declining ASPs and royalty rates, while only implementing newer (and higher-ASP) Group solutions into a limited range of newer designs, or not implementing new Group solutions at all. Although the Group has no plans to shift its design strategy and product offering away from cutting-edge designs and technologies toward commodified solutions, it could experience declining operating margins if ASPs and royalty rates for these technologies fall across the industry, which they could do for reasons beyond the Group's control. Furthermore, consolidation among the Group's

customers may increase their negotiating leverage to extract concessions from the Group in royalty rates, licensing fees or other revenue streams, which could negatively impact the Group's revenues and operating margins.

If the Group's gross margins and operating margins are significantly negatively influenced by any of these factors, it could have a material adverse effect on the Group's business, financial condition and results of operations and its ability to grow its business.

Because the Group's IP solutions are complex, the detection of errors in its products may be delayed, and delivery of products with defects could harm its credibility, decrease market acceptance of its products or lead to product liability claims against the Group.

The Group's IP solutions are complex and may contain errors, defects and bugs when introduced. If the Group delivers product designs with errors, defects or bugs, its credibility and the market acceptance of its products could be significantly harmed. Furthermore, the nature of the use of the Group's products may also delay the detection of any such error or defect. As the Group expands its chiplet offering in the coming years, it may face increased risks of errors, given the higher level of complexity inherent in these types of products than existing core IP. If the Group's IP solutions or other products contain errors, defects and bugs, then it may be required to expend significant capital and resources to alleviate these problems either as a legal or reputational matter. This could result in the diversion of technical and other resources from the Group's other development efforts. Any actual or perceived defects, errors or failure in the Group's products could lead to product liability claims or lawsuits against the Group or against its customers. A successful product liability claim could result in substantial cost and divert management's attention and resources, which could have a material adverse effect on the Group's business financial condition, results of operations and prospects.

The Group may be unable to obtain in a timely manner and at a reasonable cost equipment that is necessary for it to remain competitive.

The Group's operations and ongoing expansion plans depend on its ability to obtain an appropriate amount of equipment and related services from a limited number of suppliers in a market that is characterised from time to time by limited supply and long delivery cycles. During such times, supplier-specific or industry-wide lead times for delivery can be as long as six months or more. To better manage its supply chain, the Group has implemented various business models and risk management contingencies with suppliers to shorten the procurement lead time. However, the growing complexities, especially in high-speed test equipment and high-speed board fabrication equipment, may delay the timely availability of the equipment and parts needed to exploit time sensitive business opportunities and also increase the market price for such equipment and parts. If the Group is unable to obtain equipment in a timely manner to fulfil the Group's customers' demand on technology and production capacity, or at a reasonable cost, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Demand instability for foundry services may result in a lower rate of return on investments than previously anticipated and the Group's business and operating results may be adversely affected.

The demand for foundry services by integrated device manufacturers ("IDM(s)"), fabless semiconductor companies and systems companies has been increasing since the macroeconomic recovery of 2009. The Group has made significant investments in anticipation of the continuation of this trend and, as such, any reversal of this trend will likely result in a lower rate of return on its investments, as new design wins decline and royalty payments for existing products decline over time. As a result, if these factors cause the Group's customers to ship lower product volumes, the Group's business and operating results could be adversely affected.

Failure to attract and retain key members of the Group's senior management team and its key employees may impair the Group's ability to operate its business effectively.

The Group's success depends, in large part, on the continued contributions of its senior management team, and in particular, the services of Tony Pialis, its President and Chief Executive Officer, and John Lofton Holt, its Executive Chairman, who have guided the Group's growth through its early stages and are instrumental in developing both its technical capabilities and growth strategy, along with Dan Aharoni, its Chief Financial Officer, and other members of the senior management team. If key members of the senior management team were to leave the Group, it could have a significant impact on its strategy, customer relationships and prospects.

In the industries in which the Group operates, there is significant competition for highly qualified management and technical personnel. In addition to its founders and senior management team, the Group's success depends

to a significant extent upon certain of its key employees who have the technical skills critical to the effective operation of its business, the loss of which could materially harm its business. If the Group is unsuccessful in motivating and retaining its key employees in the future, it could negatively affect existing customer relationships and the Group's ability to continue its research and development and other operating activities.

Effective succession planning is also important for the Group's long-term success. Failure to ensure effective transfers of knowledge and smooth transitions involving key employees and, in particular, senior management could hinder the Group's strategic planning and execution. The Group also faces risks identifying and attracting qualified personnel. The Group's growth strategy will require it to continue developing cutting-edge IP solutions in order to bring innovative and advanced technological solutions to market. As such, the Group's future operations will require it to continue to recruit talented personnel, such as engineers and researchers for its research and development teams. Competition for highly skilled technical employees in the Group's field is intense, and the Group may not be able to hire new personnel to support its operations and planned growth at compensation levels consistent with its existing compensation and salary structure, or at all.

Any inability to successfully retain existing key personnel, or to recruit personnel with relevant technical skills and experience in line with its growth strategy, could be significantly detrimental to the Group's product development programmes and could have a material adverse effect on its business, results of operations, financial condition and prospects.

If the Group is unable to manage its growth effectively, it may not be able to execute its business plans and its operating results could suffer.

In order to succeed in executing the Group's business plan, the Group will need to manage its growth effectively as it makes significant investments in research and development and sales and marketing, and expand its operations and infrastructure in Canada, Mexico, India, the United Kingdom, China and elsewhere. If the Group's revenue does not increase to offset these increases in its expenses, it may not achieve or maintain profitability in future periods.

Achieving targeted growth levels may require longer term investment in the Group's design and development, IT, engineering and other capabilities, which could involve substantial managerial and financial resources. Any failure to successfully implement such enhancements and improvements could have a negative impact on the Group's ability to grow its IP offerings and customer relationships. If the Group is unable to manage its growth effectively, it may not be able to take advantage of market opportunities or develop new semiconductor solutions, and it may fail to satisfy customer product or support requirements, maintain the quality of its solutions, execute its business plan or respond to competitive pressures, any of which could negatively affect its brand, results of operations and overall business.

The Group's revenue and operating results are difficult to predict accurately and may fluctuate significantly from period to period, including for a number of reasons beyond its control.

The Group's revenue and operating results have fluctuated in the past and may fluctuate from period to period in the future due to a variety of factors, many of which are beyond its control. Factors relating to the Group's business, the industry in which it operates and the broader macroeconomic environment may contribute to these fluctuations. These factors include the following, as well as other factors described elsewhere in this Prospectus:

- the gain or loss of significant licensees, partly due to the Group's dependence on a limited number of customers generating a significant amount of annual revenue;
- any delay in execution of any anticipated licensing arrangement;
- delays in revenue recognition for some licence agreements based on percentage of completion of customised work or other accounting reasons;
- the timing and volume of orders and production by the Group's customers, as well as fluctuations in royalty revenue resulting from fluctuations in unit shipments by its licensees;
- royalty pricing pressures and reduction in royalty rates due to an increase in volume shipments by customers, end-product price erosion and competitive pressures;
- earnings or other financial announcements by the Group's major customers that include shipment data or other information that implicates expectations for its future royalty revenue;
- the mix of revenue among licensing and related revenue, and royalty revenue;

- the timing of the introduction of new or enhanced technologies by the Group and its competitors, as well as the market acceptance of such technologies;
- the discontinuation, or public announcement thereof, of product lines or market sectors that incorporate the Group's technology by its significant customers;
- the Group's lengthy sales cycle and specifically in the third quarter of any fiscal year during which summer vacations slow down decision-making processes of the Group's customers in executing contracts;
- delays in the commercialisation of end-products that incorporate the Group's technology;
- currency fluctuations, mainly the USD-CaD pairing and the USD-GBP pairing;
- fluctuations in operating expenses and gross margins associated with the introduction of, and research and development investments in, new or enhanced technologies and adjustments to operating expenses resulting from restructurings;
- the impact of new accounting pronouncements, including the new revenue recognition rules;
- statutory changes associated with research tax benefits applicable in Canada and the United Kingdom for technology companies;
- the Group's ability to scale its operations in response to changes in demand for its technologies;
- entry into new end-markets that utilise the Group's wired connectivity IPs;
- changes in the Group's pricing policies and those of its competitors;
- restructuring, asset and goodwill impairment and related charges, as well as other accounting changes or adjustments;
- general political conditions, including global trade wars resulting from tariffs, export controls, and business restrictions and bans imposed by government entities, as well as other regulatory actions and changes that may adversely affect the business environment;
- general economic conditions, including effects on the semiconductor industry and sales of consumer products into which the Group's technologies are incorporated;
- delays in final product delivery due to unexpected issues introduced by the Group's service or electronic design automation ("EDA") tool providers;
- delays in ratification of standards that can affect the introduction of new products; and
- increased costs arising from the issue of, and ongoing reporting obligations in relation to, the Exchangeable Shares.

Each of the above factors is difficult to forecast, and these or other factors unknown to the Group could harm the Group's business, financial condition and results of operations. Moreover, the semiconductor industry remains volatile, which makes it extremely difficult for the Group and its customers to accurately forecast financial results and plan for future business activities. As a result, the Group's past operating results should not be relied upon as an indication of future performance.

The Group has a limited operating history. It may not sustain historical growth levels or targeted future growth and it may not be successful in achieving its strategic objectives.

The Group commenced operations in 2017 and has experienced significant growth in its operations and financial performance since that time. However, as a relatively young business, the Group is subject to various risks inherent in the development of a new business, including as a result of establishing its reputation, fostering existing customer relationships and winning new customers, and building and maintaining key personnel.

The Group's limited operating history reflects the development of its DSP-based IP architecture, introduction of new wired-connectivity IP capabilities and acceleration in customer growth over the period since its founding in 2017. Although the Group's growth strategy aims to leverage its existing IP capabilities and customer relationships to drive continued growth, the length of time since the Group's founding may make it difficult for readers to evaluate the Group's ability to successfully implement or execute its business plan over the longer term, including its aims to maintain its existing technical leadership for key IP solutions, win new customers and deepen its relationships with existing customers, expand its addressable markets and grow its operations. In the coming years, the Group may face challenges managing its growth and implementing its strategy, including

broadening its product portfolio, growing its chiplet offering (including, in the future, into potential production of chiplet silicon devices), diversifying its business model and expanding its global operating footprint. In particular, expansion of the Group's operating footprint will comprise a key component of its growth strategy, including further development of its channel strategy in China and other Asia-Pacific region markets and its product partnership with Wise Road Capital, a Beijing-headquartered global private equity firm, (which, through affiliate funds, owns less than 10 per cent. of the Company's issued ordinary share capital), and, in the future, additional investment in onshore capabilities. This strategy may include establishment or acquisition of production capacity in China, which would require significant investment levels to set-up and operate, potentially creating further risks to the Group's operating and financial results and performance.

Continued growth may place a significant strain on the Group's management and key employees, as well as its operating and financial systems and administrative resources, which could require the Group to hire additional personnel or acquire additional resources to support essential activities. The Group's growth strategies, including investment in new development and design capabilities, wired connectivity technologies and operating activities (including expanding its footprint into China) may not be successful or support targeted financial returns. If the Group cannot effectively manage its expanding operations and costs, it may not be able to grow as quickly or as profitably as expected or at all.

The Group's targeted growth and strategic plans to operate and expand its business depends on the availability of adequate capital, which in turn depends on cash flow generated by its business. The Group believes that its existing cash resources will be sufficient to finance its continued operations, growth strategy and planned capital expenditures. However, over the longer term, the Group may require further resources to continue to adapt to changing technologies and technical requirements, to pursue new developments that meet industry development trends and demands or perceived opportunities, or to acquire other businesses, products or technologies, which it may be unable to do on commercially acceptable terms or the desired timing. Although the Group does not have plans to seek material debt funding, it may in the longer term seek to raise financing to fund future acquisitions, strategic growth opportunities and other investment in its business; any such debt would result in increased expenses and could result in covenants that would restrict the Group's operations and its ability to incur additional debt or engage in other capital-raising activities.

If the Group is unable to manage these risks or to successfully implement its growth strategy, it may not be able to satisfy anticipated market needs or realise targeted demand levels for its IP solutions, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group is subject to risks associated with the Product Partnership.

In March 2021, the Group entered into a non-binding term sheet for a product partnership with Wise Road Capital in relation to a licence agreement covering specified of the Group's IP solutions and a non-binding investments framework in respect of onshore development and licensing activities (the "**Product Partnership**") to better enable it to serve existing and targeted customers in the Asia-Pacific region, in particular China, Hong Kong and Macau. On 24 April 2021, the Group and Wise Road Capital entered a framework agreement (the "**Framework Agreement**" or "**FA**"), which sets out a framework under which the parties aim to collaborate on the design and sale of semiconductor products through formation of a fabless integrated design and intellectual property licensing company (the "**Product Partnership Company**"), and a non-exclusive, worldwide and royalty-bearing subscription licence agreement (the "**Subscription Licence Agreement**" or "**SLA**"), under which Alphawave IP will provide a subscription licence of certain semiconductor IP technology for incorporation into Product Partnership products. In addition, definitive agreements to permit co-ordination of customer licensing arrangements between Alphawave IP, the Product Partnership Company and VeriSilicon Microelectronics (Shanghai) Co., Ltd ("**VeriSilicon**") are being negotiated. There can be no assurance that these definitive agreements will be entered into, which would lead to delays in the parties taking certain steps set out in the FA and the SLA in connection with the creation of the Product Partnership Company, including investment in the Product Partnership Company and, as a result, the payment of any licence fees pursuant to the SLA, that could ultimately result in the termination of the FA and the SLA. The Group may not realise its targeted objectives from the Product Partnership. While the Group believes that the partnership with Wise Road Capital, assuming the remaining definitive agreements are entered into, will support growth in customer use of the Group's IP solutions in China and the Asia-Pacific region and, as a result, the Group's future financial performance, there is no guarantee that the arrangements will lead to material growth in customer numbers or increased royalties.

In particular, the Group faces risks arising from operation of, and its commitments to, the Product Partnership. Pursuant to the terms of the Framework Agreement, Alphawave IP has committed to contribute up to USD \$170 million to fund the operations of the Product Partnership, and Wise Road Capital has committed to

contribute up to USD \$230 million, on a *pro rata* basis. If the Product Partnership is not successful, the Group may not realise its expected return on, or may experience a loss of a portion or all of, this investment. The operating activities of the Product Partnership may not be successful, including if it is unable to gain or sustain sufficient new customers, or if its customers or the parties to the Product Partnership fail to meet their contractual obligations. In addition, the Framework Agreement sets out commitments for the parties to enter into a definitive agreement related to ownership and management of the Product Partnership Company under which Wise Road Capital will have the right to appoint three of the five directors (and Alphawave IP will have the right to appoint the remaining two directors) and to nominate senior management (including the chief executive officer, chief financial officer, chief technology officer, sales manager and general manager) for appointment by the board of directors. As a result, there may be limits on the Group's ability to direct or influence operating activities or financial matters in relation to the Product Partnership, including commercial matters, strategic initiatives and protection of the Group's intellectual property. As Alphawave IP and its affiliates are expressly prohibited, pursuant to the terms of the SLA, from selling integrated circuit devices containing the IP Cores in the Territory, the Group's ability to drive growth in the region could be limited if management of the Product Partnership Company, or its efforts to grow the business, are not successful.

The Product Partnership also faces risks arising from matters that will be outside of the Group's control, such as new or enhanced governmental restrictions on the transfer of technology or know-how into China. Ongoing political and economic tension between the United States and China, in particular to the extent that it leads to changes in the relationship between Canada or the United Kingdom and China, could also significantly affect the Group's operating and financial performance and success of the Product Partnership. A significant change in public sentiment in the United States, Canada, the United Kingdom or elsewhere in relation to operations in China could also have a negative impact on the Group's reputation. See *"The Group's international operating footprint and the global nature of its customer base exposes it to risks that could have a material adverse effect on its business, financial condition and results of operations"* and *"The international scope of the Group's operations exposes it to a number of global and regional economic, political, legal, regulatory and other risks"*.

In addition, the Group cannot provide any assurance that a desirable development or investment target will be identified with Wise Road Capital and, as a result, that it will be able to fulfil its strategic growth objectives in the Asia-Pacific region on the timeframe it has targeted. Any of the foregoing risks could materially reduce the expected return on potential investment pursuant to the Product Partnership and adversely affect the Group's business operations, financial performance or prospects.

The Group risks harming its business and competitive position as it may not be able to protect its intellectual property, including its proprietary technology, its development and know-how from competitors or public disclosure.

The Group's success also depends on its ability to protect its intellectual property, which is accomplished through a combination of trade secrets, contractual provisions, confidentiality agreements, licences and other methods, to protect the Group's proprietary technologies.

In particular, the Group primarily relies on trade secrets and contractual restrictions on disclosure and use (such as confidentiality agreements or licences) of its intellectual property with various parties. However, the Group cannot be certain that its trade secrets, know-how or other proprietary information will not become known or that its competitors will not independently develop their own proprietary technology or effective competing technologies. Consequently, disputes may arise concerning the ownership of intellectual property, the use of proprietary technology, trade secrets, know-how or other proprietary information or the applicability of confidentiality agreements and the Group may be forced to initiate legal proceedings to enforce its intellectual property rights or its ability to exploit its proprietary technology, which may be costly and divert efforts and attention of its management.

Monitoring such unauthorised use, misappropriation or disclosure is difficult and, despite the Group's efforts, unauthorised parties may or may attempt to copy or otherwise obtain and use its proprietary technology, trade secrets, know-how or other proprietary information. The Group could also face challenges that its designs and technology developments infringe the patent, trade secret or other intellectual property rights of others, which could require the Group to obtain the right to use such IP or, in extreme circumstances where it is unable to do so on commercially acceptable terms or at all, require the Group to abandon the relevant development efforts.

Any failure to protect, maintain and enforce the Group's intellectual property and other proprietary information could impair its competitiveness, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

Assertions by third parties of infringement of their intellectual property rights may result in damage claims and litigation costs, force the Group to modify its products or processes or prevent it from selling its products.

The Group cannot rule out that competitors or other companies may assert claims that its products infringe their intellectual property rights (including patents, trademarks or other forms of intellectual property) or that its customers will claim indemnification resulting from infringements. Such litigation may involve patent holding companies or other adverse patent owners who have no relevant product revenue. As the Group seeks to develop and implement new products, technologies and processes, it may not always be in the position to adequately identify such third-party rights or assess the scope and validity of these third-party rights due to the large and complex international intellectual property landscape. In addition, there is also a “black-out period” between the priority date of a patent and the subsequent publication, and during this “black-out period” the Group may not be aware of any infringement of intellectual property. Claims for infringement of intellectual property rights may also result from joint R&D projects, if it is unclear who owns the resulting technology.

Any action to determine the validity of claims alleging infringement of patents and other intellectual property rights, whether or not with merit, determined in the Group’s favour or settled by it, may subject it to protracted and expensive litigation, which could divert attention and resources of its management and technical personnel from operating its business. Such matters could also involve disputes between third parties that relate in part to the Group’s intellectual property and result in the Group becoming directly or indirectly involved in such matters. If claims are successfully asserted against the Group, or otherwise limit its ability to use its intellectual property, the Group could be required to pay substantial damages and could be prevented from selling some of its products. The Group may also be obligated to indemnify its customers or other business partners in any such litigation. Furthermore, the Group may need to obtain licences from third parties alleging infringement or substantially re-engineer or rename its products in order to avoid infringement, which it may not be capable of doing on commercially acceptable terms or at all. In the course of such infringement claims, trade secrets, know-how or other proprietary information could be compromised.

If the Group is prevented from selling some or all of its products, it may be subject to a loss of revenue and customers, as well as reputational damage, which could negatively affect its business, results of operations, financial condition and prospects. Any significant impairment of the Group’s intellectual property rights from any litigation it faces could harm its business and its ability to compete. In addition, any litigation put forth against the Group could be expensive, time-consuming and may divert the efforts of the Group’s technical staff and management, which could harm its business, whether or not such litigation results in a determination favourable to the Group. Furthermore, any enforcement of the Group’s patents or other intellectual property may provoke third parties to assert counterclaims against the Group, resulting in further costs.

The success of the Group’s wired connectivity IP is closely tied to leading manufacturing processes at key third-party foundries.

The Group’s proprietary wired connectivity IP design is closely tied to the success of a limited number of third-party wafer fabrication contract manufacturers such as Taiwan Semiconductor Manufacturing Company (“TSMC”) and Samsung Electronics Co., Ltd. (“Samsung”). The Group works closely with TSMC and Samsung on next-generation advanced manufacturing processes, such as N7, N6, N5 and N3 for TSMC and Samsung 7nm FinFET and 5nm FinFET technologies, as well as other technologies. These manufacturing technologies are critical for the Group’s products to maintain attractive performance, power management and footprint characteristics. The Group’s customers rely on TSMC and Samsung for the fabrication of semiconductor wafers used to manufacture products that incorporate the Group’s IP. If either TSMC or Samsung were to no longer support the Group’s designs in their manufacturing processes, it would limit the ability of the Group’s customers to incorporate the Group’s IP into products manufactured by TSMC or Samsung, which would harm its business. In addition, if TSMC and Samsung are not successful in their technology development and innovation, the performance of the Group’s future products may be affected, greatly impacting its business and financial performance.

The Group’s innovation is dependent on deep collaborative relationships with its third-party wafer fabrication contract manufacturers. Converting or transferring the Group’s technology to other contract manufacturers may take significant qualification and design time, and may not be competitive with TSMC and Samsung. In addition, if TSMC and Samsung do not grow their foundry customer base in the future for any reason, the adoption of the Group’s wired connectivity IP solutions and its revenue levels may be lower than anticipated.

If the Group's customers encounter sustained yield problems or other delays at their third-party wafer fabrication facilities or in the final assembly and test of their products, they may lose sales and damage their customer relationships, which could impact the Group's business and financial performance.

The manufacture of the Group's customers' products, including the fabrication of semiconductor wafers and the assembly and testing of final products, involves highly complex processes. For example, minute levels of contaminants in the manufacturing environment, difficulties in the wafer fabrication process or other factors can cause a substantial portion of the components on a wafer to be non-functional. These problems may be difficult to detect at an early stage of the manufacturing process and often are time-consuming and expensive to correct. Moreover, an increase in the rejection rate of products during the quality control process before, during or after manufacture and/or shipping of such products, results in lower yields and margins. Poor manufacturing yields over a prolonged period of time could adversely affect the Group's customers' ability to deliver their products on a timely basis and harm their relationships with customers, which could have a material adverse effect on the Group's customers' business, financial condition, results of operations and prospects. As a result, the Group's business and financial performance may suffer and its royalties may decrease due to its customers' manufacturing disruption.

A disruption or wafer supply shortage at third-party wafer fabrication facilities that service the Group's customers (or, potentially in the future, the Group), could impact production efficiency and operations for the Group and its customers.

Many of the Group's customers rely on a limited number of third-party wafer fabrication contract manufacturers, such as TSMC and Samsung, for the fabrication of semiconductor wafers used in the manufacture of products that incorporate the Group's IP. Furthermore, the Group has ongoing partnership agreements related to customers manufacturing products based on its IP, with both TSMC and Samsung. A disruption of wafer supply at fabrication facilities owned by TSMC and Samsung may require the Group's customers to transfer manufacturing processes to a new location or facility, or suspend operations entirely. Significant disruptions at the Group's customers' third-party wafer fabrication facilities could occur as a result of a number of events, including, for example, the recent COVID-19 pandemic and certain natural disasters, such as tsunamis, typhoons or earthquakes (particularly in Taiwan, where TSMC is located, and elsewhere in the Pacific Rim close to fault lines). Converting or transferring such fabrication processes from one of the Group's customers' primary facilities to an alternative or backup facility due to a disruption would likely be expensive and could take substantial time, given the Group's customers' highly complex manufacturing and fabrication processes, which incorporate its proprietary technologies. Given such a transition, the Group's customers may attempt to meet customer demand through their existing inventories, or may attempt to modify partially finished goods to meet the required fabrication specifications. Given the rapid obsolescence timeline to which the Group's customers' products are typically subject, they may not maintain significant levels of excess inventory and, as a result, it is unlikely that existing inventory will be sufficient to meet their customer demand during such a transition. As a result, the Group's customers may not be able to meet their customer needs during such a transition, which would negatively impact their sales and potentially damage their customer relationships and reputation, any of which could also have a material adverse effect on the Group's customers' business, financial condition, results of operations and prospects. As a result, the Group's business and financial performance may suffer and its royalties may decrease due to its customers' manufacturing disruption.

Wafer shortages and general supply disruptions at TSMC and Samsung may significantly impact operations for the Group's customers, and therefore impact entry into new licensing arrangements with these customers, and royalties collected from these customers. Furthermore, in the event of disruptions at TSMC and Samsung, the Group and its customers may not be able to find an alternative wafer supplier quickly.

The Group's customers' foundry partners may experience supply shortages due to high demand for silicon wafers. If this elevated demand is not offset by an increase in foundry capacity, the foundries' supply of wafers and other materials could become limited. Such shortages raise the likelihood of potential wafer price increases, wafer shortages or shortages in materials at production and test facilities, resulting in potential inability to address customer product demands in a timely manner, which may negatively impact the Group's customers' sales and potentially damage its business and financial performance.

In addition, if the Group decides in the future to market finished products, a disruption at any of its wafer suppliers may have a direct impact on its ability to service its customers.

The international scope of the Group's operations exposes it to a number of global and regional economic, political, legal, regulatory and other risks.

The Group conducts a substantial portion of its business with respect to its operations, customers and third-party suppliers outside of the United Kingdom. In the year ended 31 December 2020, substantially all of the Group's revenue was derived from customers located outside of the United Kingdom and Canada. As a result, the Group's operations rely on a global network of distributors, including production facilities in Asia/Pacific and partnerships, and the Group's exposure to China is expected to increase significantly in the coming years as a result of the Product Partnership. See "*The Group is subject to risks associated with the Product Partnership*". Although the Group's exposure to an international customer base supports its targeted development in the coming years, it also exposes the Group to increased risks such as the performance of national economies where its customers and their customers operate and sell end-products, difficulties in managing foreign operations, political and economic instability and unexpected changes in regulatory requirements.

The Group's international operating footprint and the global nature of its customer base exposes it to risks that could have a material adverse effect on its business, financial condition and results of operations.

The international diversification of the Group's business exposes it to a number of risks, both globally and regionally, as described below:

The Group's international operations and customer base expose it to global geopolitical factors.

A variety of global geopolitical factors have at times in recent years negatively influenced the industries in which the Group and its customers operate, including international disputes that have created disruptions in international trade, in particular between the United States and China, resulting in the imposition of trade barriers, tariffs, and the ongoing uncertainty in trade relations, particularly with respect to entities in China having access to foundries and design tools required for semiconductor fabrication and design. It is uncertain the extent to which these and other protectionist measures will be implemented globally in the future, including any changes to sanction and penalty regimes that could arise as a result and potentially dampen investment globally and create obstacles to the Group's targeted growth. If these disputes intensify, for example, if regulatory changes were to limit the Group's ability to sell products to large customers or to customers in high-demand jurisdictions such as China, and no exemptions to continue trading were available, they could lead to a significant reduction in revenue levels for the Group. The Group's exposure to geopolitical risks involving China will increase as a result of its entry into the Product Partnership, see "*The Group is subject to risks associated with the Product Partnership*". Conversely, if geopolitical tensions ease and result in a relaxation of trade restrictions between the United States and China, in particular in technology sectors, the Group could face increased competition in China from US semiconductor companies, which could limit the effectiveness of its growth strategy in the coming years.

As a UK company, the Group is also subject to the impact on trading, regulatory and other conditions resulting from the United Kingdom's departure from the European Union. Following its formal departure from the European Union on 31 January 2020, the United Kingdom ceased trading as part of the European Union on 31 December 2021 following entry by the United Kingdom and the European Union into the EU-UK Trade and Cooperation Agreement (the "**EU-UK TCA**"). The impact of the changes in the trading relationship between the United Kingdom following entry into and implementation of the EU-UK TCA is uncertain and may continue to change in the coming years, and the Group faces uncertainties regarding the tax, legal and regulatory framework that applies to trade between the United Kingdom and the European Union, the United States and other countries in the future.

The political, legal, administrative and regulatory systems and other domestic conditions in certain of the countries where the Group and its customers operate may create or heighten operational risks.

The Group's operating and financial performance can also be influenced by domestic economic, political or social instability or volatility, interference or unexpected changes by government authorities in the business or regulatory environment in the countries where it and its customers operate. The Group also faces risks in some of its geographical markets related to underdeveloped or otherwise insufficient legal and administrative systems. These risks relate to potential difficulties enforcing contracts, difficulties in enforcing patents or adequately protecting its intellectual property, sudden or unexpected increases in wages and national and regional labour strikes, difficulty ascertaining the creditworthiness of new customers and in collecting on accounts receivable, bribery and corruption as well as crime and fraud.

In addition, the Group may be subject to:

- limitations on repatriation of earnings or the conversion of foreign currencies;
- changes in foreign tax law;
- reduced protection of intellectual property rights and heightened exposure to intellectual property theft in some countries;
- longer collection periods for receivables and greater difficulty in collecting accounts receivable;
- inability to continue to offer competitive compensation in certain growing regions, and differing employment practices and labour issues;
- licensing requirements for exports by the various governments, which may lengthen the sales cycle or restrict or prohibit the licensing of certain products; and
- public health emergencies, such as the recent coronavirus outbreak and the subsequent public health measures, affecting the Group's employees, suppliers, customers and its ability to provide services and maintenance in the affected regions.

These and other domestic conditions in countries where the Group and its customers operate could lead to variations in costs or expenses associated with the Group's international operations.

These and other risks related to the international nature of the Group's business may often be impossible to predict. The Group's inability to manage these and other risks could have a material adverse effect on its business, results of operations, financial position and prospects.

The Group may make acquisitions in the future that could disrupt its business, cause dilution to its shareholders and harm its business.

In the future, the Group may acquire other businesses, products or technologies. The Group's ability to make acquisitions and successfully integrate personnel, technologies or operations of any acquired business is unproven. If it completes acquisitions, the Group may not achieve the combined revenue, cost synergies or other benefits from the acquisition that it anticipates, strengthen its competitive position or achieve its other goals in a timely manner, or at all, and these acquisitions may be viewed negatively by its customers, financial markets or investors. In addition, any acquisitions the Group undertakes may lead to difficulties in integrating personnel, technologies and operations from the acquired businesses and in retaining and motivating key personnel. Acquisitions may disrupt the Group's ongoing operations, divert management from their primary responsibilities, subject the Group to additional liabilities, increase its expenses and adversely affect its business, results of operations and financial condition. Acquisitions could also result in an increase in amortisation expense related to identifiable assets acquired, potentially dilutive issuances of equity securities or the incurrence of debt, any of which could harm the Group's business. In addition, potential future acquisitions may result in impairments of goodwill and other acquired intangible assets, which could lead to the recognition of significant losses if developments are contrary to the Group's expectations, which could have a material adverse impact on the Group's results of operations, financial condition and prospects.

In the future, the Group may complete acquisitions that result in a significant amount of intangible assets, including goodwill, on its consolidated balance sheet. In this case, apart from goodwill, the Group's intangible assets could consist mainly of intangible customer base assets and technologies, as well as patents and licences. The Group tests goodwill and other intangible assets with an indefinite useful life or which are not yet available for use (such as R&D projects) for impairment at least annually or when there is a clear intermediate indication that an impairment may be required.

Other intangible assets with a determinable useful life are amortised on a straight-line basis over the period of their useful economic life, except where their actual depletion demands a different amortisation pattern. Determination of the expected useful lives of such assets and the amortisation patterns is based on estimates of the period during which they will generate cash flows. An impairment test is performed if there is an indication of possible impairment. As the Group utilises a discounted cash flow methodology to calculate the fair value of its cash-generating units and groups of cash-generating units (i.e., strategic business entities or groups of strategic business entities, as well as certain product families), any prolonged weakness in demand for a specific product line or business could result in an impairment.

Although the Group believes the estimates of the useful lives of certain assets, assumptions concerning the macroeconomic environment and developments in the industries in which it operates, and estimates of the discounted future cash flows, are appropriate, changes in assumptions or circumstances could require changes

in the analysis. This could lead to the recognition of additional impairment losses in the future if developments are contrary to expectations, which could have a material adverse impact on the Group's results of operations, financial condition and prospects.

The Group's financial results may be affected by fluctuations in exchange rates.

Due to the locations of the Group's primary operating premises, the majority of the Group's costs, a significant portion of which relate to personnel expenses, are paid in Canadian Dollars and, going forward, a growing portion may also be paid in Pound Sterling. As a result, its business is exposed to exchange rate fluctuations, in particular with respect to the US Dollar, in which almost all revenue is earned. Exchange rates between the US Dollar and the Canadian Dollar and Pound Sterling have experienced periods of volatility in the past, and they may do so in the future. A significant decline in the value of the US Dollar against the Canadian Dollar or Pound Sterling would have a negative effect on the Group's profitability (in particular in relation to expenses incurred in Canadian Dollars or Pound Sterling) and its reported financial results (when translating Canadian Dollar and Pound Sterling expenses to US Dollars). As a result, the Group's inability to manage its foreign exchange risk could have a material adverse impact on the Group's results of operations, financial condition and prospects.

The Group's operations rely on complex information technology ("IT") systems and networks, and any disruptions in such systems or networks could negatively impact its operations and reputation.

The Group relies heavily on distributed and centralised IT systems and networks to support business processes as well as internal and external communications. The consistent, efficient and secure operation of its IT systems, including computer hardware, software and networks, including those of third-party IT providers or business partners engaged by the Group, is critical to the successful performance of its operations and its reputation. Although the vast majority of the Group's design tools, software and other IT system components are off-the-shelf solutions utilised via general commercial licences, it could over the longer-term experience disruptions or be required to undertake significant IT investment if these third-party components were to become unavailable.

Additionally, the Group collects, stores and processes certain data, including proprietary business information, as well as customer and employee data, and may have access to confidential or personal information that is subject to privacy and data security laws, regulations or customer-imposed controls. As a result, the Group's internal IT systems and networks are susceptible to malfunctions and interruptions from a variety of sources, including due to unauthorised access, cyber-attacks, equipment damage, deficient database design, power outages, computer viruses and a range of other hardware, software and network problems, and the Group from time to time experiences intermittent malfunctions and interruptions. In particular, like most internet-connected businesses, the Group experiences attempted security incidents of varying degrees on an ongoing basis, which may involve unauthorised access, misuse or disclosure of intellectual property or confidential or proprietary information regarding the Group's business or its customers or business partners. Because the techniques used to obtain unauthorised access to or sabotage networks and systems change frequently, the Group may be unable to anticipate these techniques or to implement adequate protections. In the past, there have been attempts by third parties to penetrate and/or infect the Group's network and systems with malicious software in an effort to gain access to its network and systems. Several large organisations have been infected by "ransomware," through which an attacker gains access to the organisation's computer files, renders them temporarily inaccessible and threatens to permanently delete them if a cash ransom is not paid by a specified deadline. Third parties may continue to attempt to fraudulently induce employees, users or customers to disclose sensitive information in order to gain access to the Group's network and systems. The Group's IT personnel may not be able to resolve the issues that arise in a timely manner or at all.

Some potential causes that can lead to a malfunction or interruption of the Group's IT systems or networks, or third-party systems, networks and "cloud" servers on which the Group relies, are difficult to detect and may only be detected once the risk has already materialised. The costs to prevent, detect or alleviate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and efforts to address these problems may not be successful. A significant or large-scale malfunction or interruption, whether malicious or otherwise, of one or more of the Group's IT systems or networks could adversely affect its ability to keep its operations running efficiently and affect research and development efforts and customer service, particularly in the country or region in which the malfunction occurs. Moreover, an extended outage at a telecommunications network utilised by the Group's IT systems or networks or a similar event outside its control could lead to an extended unanticipated interruption of its IT

systems activities. In the event of a security breach, the Group's business and reputation could be harmed and it could be subject to legal and regulatory claims.

Significant disruptions to the Group's IT systems could lead to product development delays, difficulty communicating with customers or loss of customer or other data, any of which could have a material adverse effect on its business, results of operations, financial position and prospects.

The Group may depend on sales representatives to generate a significant portion of its new licensing agreements and complete order fulfilment.

The Group has not significantly relied on channel sales partners (including sales representatives, distributors, and resellers) in the past. However, like other rapidly growing companies in the semiconductor space, the Group may choose to leverage channel sales partners in the future, which could create new risks for its business, including a key channel sales partner materially defaulting on a contract or otherwise failing to perform, or concentrations of credit risk in its trade accounts receivable related to channel sales partner accounts. If the Group's future licensing arrangements rely significantly on channel sales partners, material reduction of effort by a channel sales partner to sell the Group's products or a material change in its relationship with one or more channel sales partners may reduce access to certain end customers and adversely affect the Group's ability to sell its products.

Unpredictable economic conditions may adversely impact the financial health of some channel sales partners, which could increase the Group's credit risk exposure relating to channel sales partners' solvency, the inability of channel sales partners to obtain credit to finance the purchase of the Group's products, or delayed payment for such purchases. If the Group's future operations rely significantly on channel sales partners, its business could be harmed if the financial health of these channel sales partners impair their performance and the Group is unable to secure alternate channel sales partners.

The Group's insurance coverage may not be adequate to compensate for any interruptions or loss of business.

The Group endeavours to ensure that it carries insurance for such risks and in such amounts as management considers reasonably prudent, in light of risks common to the industry and applicable to the Group's operations. These policies include product- and environmental-liability insurance, directors' and officers' liability insurance, property and business interruption insurance, transport and marine cargo insurance, cyber insurance, corporate travel insurance, collective accident insurance and legal protection insurance. However, the Group is subject to the risk that its estimations regarding the levels and types of insurance that it carries are incorrect, or the Group's insurance and its contractual limitations on liability may not adequately protect it against liability for events involving, without limitation, a catastrophic incident, such as an explosion, a fire or flooding, any of which could result in interruption and closure of the particular location impacted, or other environmental liability in excess of insurance cover. The Group may also face risks arising from the cost of insuring its operating activities, in particular, as it targets continued growth in the future. The Group may encounter difficulties renewing insurance policies on the same or similar commercial terms in the future, or in a timely manner, which may lead to gaps in coverage, higher premiums or changes in coverage in the future, in particular if the Group is subject to one or more events for which it seeks coverage for losses in the coming years. Although most of the Group's insurance policies cover against losses resulting from business interruption, there can be no assurance that the Group will be able to recover the full extent of loss following a period of severe or prolonged disruption to the Group's operations.

Industrial espionage of the Group's internal trade secrets and intellectual property, resulting in disclosure of its trade secrets and intellectual property to competitors or customers, could result in loss of revenue and business.

The Group increasingly relies upon technology systems and infrastructure, including computer-aided-design ("CAD") and EDA tools from third-party vendors. The Group's technology systems, infrastructure and CAD tools are potentially vulnerable to data privacy breaches by employees and others. Both permitted and unauthorised access to its systems may pose a risk that sensitive data may be exposed to unauthorised persons or to the public, and render it inaccessible or permanently lost. The increasing use and evolution of technology creates additional opportunities for the unintentional dissemination or intentional destruction of confidential or proprietary information stored in the Group's systems, portable media or storage devices. The Group could also experience a business interruption, information theft or reputational damage from industrial or state-sponsored espionage attacks, malware or other cyber incidents or data breaches, which may compromise its system infrastructure or lead to data breaches, either internally or at the Group's third-party providers or other business

partners. Such incidents could compromise the Group's trade secrets or other confidential information and result in such information being disclosed to competitors or customers and becoming less valuable, which could result in loss of revenue and business. Additionally, in response to the COVID-19 pandemic, a majority of the Group's office employees are working remotely, which may increase the risk of cyber incidents or data breaches. Breaches in security, system interruptions and unauthorised disclosure of data, whether perceived or actual, could adversely affect the Group's businesses, assets, revenue and reputation and result in fines, litigation, regulatory proceedings and investigations, increased insurance premiums, remediation efforts, indemnification expenditures, lost revenue and other potential liabilities.

Legal, Regulatory and Tax Risks

New tariffs and other trade measures could adversely affect the Group's consolidated results of operations, financial position and cash flows.

General trade tensions between the United States and China have been escalating in recent years, in particular since 2018, and other trade tensions outside of China have also escalated, including in the United Kingdom, Europe and Canada. There remains uncertainty regarding future changes in US trade policy, including imposing new or increased tariffs on certain goods imported into the United States. Since the Group's technology is incorporated in certain products destined for the US market that may be manufactured outside of the United States, such protectionist changes, if adopted, could have a negative impact on the Group's business and make its customers' products more expensive and less competitive in US markets. Furthermore, changes in US trade policy could trigger retaliatory actions by affected countries, which could impose restrictions on the ability of certain of the Group's customers to do business in or with affected countries or prohibit, reduce or discourage purchases of the Group's products by foreign customers. For example, there are risks that the Chinese government may increasingly require the use of local suppliers, compel companies that do business in China to partner with local companies to conduct business and provide incentives to government-backed local customers to buy from local suppliers. Changes in, and responses to, US trade policy could reduce the competitiveness of the Group's customers' products and cause its revenue to drop, which could materially and adversely impact the Group's business and results of operations. The Group cannot predict what actions may ultimately be taken with respect to tariffs or trade relations between the United States and China or other countries, what products may be subject to such actions, or what actions may be taken by the other countries in retaliation. The institution of trade tariffs both globally and between the United States and China, or between the United States, Canada, Europe and the United Kingdom, also specifically carries the risk of negatively impacting China's overall economic condition, which could have negative repercussions for the Group's business.

Compliance with various environmental, health and safety as well as other applicable regulations in the jurisdictions in which the Group operates may be expensive and its failure to comply may result in adverse publicity, potentially significant monetary damages and fines and suspension of its business operations.

The Group is subject to numerous regulations in the jurisdictions in which it operates, governing, among other things, occupational health and safety, air and noise emissions, wastewater discharges, the management and disposal of hazardous substances and waste, the investigation and remediation of soil and ground water contamination, as well as product performance standards established by quasi-governmental and industrial standards organisations. For example, in the European Union, the Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of hazardous substances in electrical and electronic equipment (RoHS) and the Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) (as it forms part of retained EU law). The requirements imposed by such legal frameworks are complex, change frequently and have tended to become more stringent over time.

The Group has incurred, and will in the future continue to incur, costs to comply with these regulations. Any significant regulatory changes or increased public attention to the impact of operations such as the Group's on the environment may result in more stringent regulations, further increase its compliance costs or require changes in the way it manufactures prototypes and test boards for its products. While the Group cannot currently anticipate the scope and timing of future costs of such compliance with environmental laws and regulatory directives, failure to comply with applicable laws and regulations may result in fines or penalties, liability for personal injury and/or property damage or the suspension of its business operations, any of which could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group is subject to certain anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations with respect to its operations and non-compliance with such laws and regulations may subject it to criminal and/or civil liability and harm its business and reputation.

The Group is subject to certain anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations, including in Canada, the United States, and the United Kingdom and other foreign jurisdictions in which it conducts its operations. Anti-corruption laws are often interpreted broadly and may prohibit companies, their employees, as well as their third-party partners, such as agents, clinical research organisations, legal counsels, accountants, consultants, contractors and other partners, from authorising, promising, offering, providing, soliciting or receiving, directly or indirectly, corrupt or improper payments or anything else of value to or from recipients in the public or private sector. The Group and its third-party partners may have direct and/or indirect interactions with officials and employees of government agencies, universities and other organisations, including in connection with obtaining necessary permits, licences, patent registrations and other regulatory approvals. The Group could, depending on the circumstances, be held liable for the corrupt or other illegal activities of its personnel and third-party partners. Any of the foregoing could not only harm the Group's business, but also its reputation. These risks could be significant if the Group's controls and procedures to monitor exposure and compliance are not successful.

Sanctions and other trade laws and regulations restrict the Group's business dealings with certain sanctioned countries, persons and/or organisations. The Group has implemented compliance procedures to ensure that its operations comply with all applicable sanctions. However, if other persons and entities with whom the Group currently or in the future transacts become subject to sanctions, or the countries in which the Group currently operates become subject to restrictive sanctions in the future, it could result in reputational damage, fines or other censure to the Group, or limit its operations, any of which could have a material adverse effect on its business, results of operations, financial position and prospects.

Although export licences are not currently required for the Group's business, export regulations are open to change in multiple jurisdictions that could affect the Group's ability to ship products to some countries and markets. In the event that the Group becomes subject to these requirements, any failure to obtain export licences for its products, or having one or more of its customers be restricted from receiving exports from the Group, could significantly reduce its ability to enter into new and continue performing under existing licensing arrangements and materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Applicable labour laws and customs in Europe, the United Kingdom, Canada, the United States and China may prevent the Group from reducing its personnel costs on short notice.

During the year ended 31 December 2020, the Group had a total headcount of 72 employees, of which approximately 93 per cent. worked at the Group's Canadian headquarters in Toronto, Canada and approximately 7 per cent. at other locations, including the United States. By the end of the year ended 31 December 2021, the Group anticipates that the majority of its employees will work in Canada, while UK operations are expected to grow during the year. The labour laws and customs in the United Kingdom are generally more stringent and employee-friendly than in certain other countries. As a result, in the event that the Group were to face a need to restructure or downsize its operations, it may not be possible for it to quickly implement reductions in its workforce or do so at an acceptable cost, which could have a material adverse effect on its business, results of operations, financial position and prospects.

The Group may be exposed to changes in tax laws and regulations.

The Group is subject to income and/or withholding taxes in Canada, the United States, the United Kingdom and the various foreign jurisdictions where it operates and is therefore subject to various tax laws and regulations. Changes in applicable tax laws and regulations or their interpretation in countries in which the Group operates could result in a higher effective tax rate on the Group's earnings, expose the Group to increased tax liabilities or reduce or even eliminate the Group's deferred tax assets (resulting e.g. from its existing tax loss carry forwards). Applicable tax laws include direct and indirect taxes, such as income tax, import and excise duties or value-added tax, and withholding tax. Increases in indirect taxes could affect its products' affordability and may result in falling demand for its products.

Further, the Group may be exposed to certain adverse tax consequences as a result of changes in tax law or applicable double taxation treaties across the jurisdictions in which it operates. For example, interest expenses and royalty payments are currently generally tax deductible. To the extent that such interest expenses and/or

royalty payments are no longer accepted as tax-deductible expenses, the Group may be faced with an increase of the current taxable basis or with a reduction of the available tax losses it can carry forward.

The Group may be subject to tax audits by the competent tax authorities in the various jurisdictions where it operates. In the event that the Group anticipates potential tax liabilities arising from future or pending tax audits, the potential risks are accounted for in its financial statements according to applicable laws. Accounting for such tax liabilities and tax risks may prove to be insufficient. In the course of a tax audit, the competent authorities may challenge the positions taken by the Group when filing the tax returns and/or may take views that are different from those reflected in such returns. Similarly, liabilities related to social security contributions and payroll-related taxes may be increased as a result of future audits.

Significant changes in existing tax laws could result in increases to the Group's effective tax rate or its tax liabilities in future periods, or the outcome of tax audits that result in any additional taxable amounts due in respect of past periods, could have a material adverse effect on its business, results of operations, financial position and prospects.

Current or future legal, administrative and arbitration proceedings or investigations could adversely affect the Group's reputation and harm its business and financial condition.

The Group may, from time to time, become involved in various actual or threatened legal, administrative and arbitration proceedings and investigations arising out of or in connection with its ordinary course of business (including potential proceedings related to antitrust matters). Regardless of the merits of the claims, and whether the matter or amount subject to the claim is individually material, the cost of pursuing or defending current and future legal, administrative and arbitration proceedings or investigations may be significant, and such matters can be time-consuming and divert management's attention and resources. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgements or settlements in some or all of these legal disputes may result in substantial monetary damages, penalties and fines or injunctive relief against the Group, as well as reputational damage.

While the Group maintains liability insurance for certain legal risks at levels that it believes to be appropriate and consistent with industry practice, the Group may incur losses relating to litigation beyond the scope or limits of such insurance coverage, and its provisions for litigation-related losses may not be sufficient to cover its ultimate loss or expenditure. Any future litigation-related provisions recorded by the Group, in a situation when it believes that a liability is likely to materialise and the associated amount can be reasonably estimated, may also be incorrect or inadequate to cover actual losses.

An unfavourable outcome in any litigation investigation, administrative proceeding, or other material dispute, or reputational damage resulting from a dispute, could materially adversely affect the Group's business, results of operations, financial condition and prospects.

The Group is subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, and consumer protection laws across different markets where the Group conducts its business. The Group's actual or perceived failure to comply with such obligations could harm its business.

In the jurisdictions in which the Group operates, it is subject to various consumer protection laws and related regulations. If the Group is found to have breached any consumer protection laws or regulations in any such jurisdiction, it may be subject to enforcement actions that require the Group to change its business practices in a manner which may negatively impact its revenue, as well as expose the Group to litigation, fines, civil and/or criminal penalties and adverse publicity that could negatively impact the Group's reputation and business in a manner that harms its financial position.

As part of the Group's business, it collects information about individuals, also referred to as personal data, and other potentially sensitive and/or regulated data from its customers. The Group is subject to a number of laws relating to privacy and data protection, including the General Data Protection Regulation (Regulation (EU) 2016/679) (as it forms part of retained EU law and implemented through the Data Protection Act 2018) (the "GDPR"), and the California Consumer Privacy Act as of 1 January 2020 and other applicable data protection and privacy laws across its various markets. These laws and regulations restrict how personal information is collected, processed, stored, used and disclosed, as well as setting standards for its security, implementing notice requirements regarding privacy practices, and providing individuals with certain rights regarding the use, disclosure and sale of their protected personal information. If the Group's privacy or data security measures fail to comply with applicable current or future laws and regulations, it may be subject to litigation, regulatory investigations or enforcement notices requiring the Group to change the way the Group uses personal data or its

marketing practices. For example, under the GDPR, the Group may be subject to fines of up to €20 million or up to 4 per cent. of the total worldwide annual group turnover of the preceding financial year (whichever is higher). Restrictions on the collection, use, sharing or disclosure of personal information or additional requirements and liability for security and data integrity could require the Group to modify its solutions and features, possibly in a material manner, which could limit its ability to develop new products and features and could subject the Group to increased compliance obligations and regulatory scrutiny. If the Group is unable to comply, or is alleged to have failed to comply, with these laws and regulations, it may result in negative publicity, increase its operating costs and subject it to claims or other remedies. The Group may also be subject to other liabilities, as well as negative publicity and a potential loss of business.

Litigation, including securities class action litigation, may impair the Group's reputation and lead it to incur significant costs.

As the Group continues to grow its operations, it may, from time to time, be party to various lawsuits and claims arising in the normal course of business, which may include lawsuits or claims relating to contracts, third-party services, intellectual property, employment matters, environmental matters or other aspects of the Group's business. In addition, in the past, following periods of volatility in the overall market and the market price of the Company's securities, securities class action litigation has been instituted against companies that experienced such volatility. Litigation, if instituted against the Group, whether or not valid and regardless of outcome, could result in substantial costs, reputational harm and a diversion of the Group's management's attention and resources. In addition, the Group may be required to pay damage awards or settlements or become subject to injunctions or other equitable remedies and, as the outcome of any litigation is difficult to predict, litigation may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Although the Group has various insurance policies in place, the potential liabilities associated with litigation matters that could arise in the future could be excluded from coverage or, if covered, could exceed the coverage provided by such policies. In addition, insurance carriers may seek to rescind or deny coverage with respect to any claim or lawsuit. If the Group does not have sufficient coverage under its policies, or if coverage is denied, it may be required to make material payments to settle litigation or satisfy any judgement. Any of these consequences could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Certain of the Group's historical financial reporting periods are not directly comparable.

The Group prepares its annual financial statements as at and for the year ended 31 December each year, and it has presented in this document its financial results as at and for the year ended 31 December 2020. Historically, the Group prepared its annual financial statements as at and for the year ended 31 May, and it has presented in this document its financial results as at and for the years ended 31 May 2018 and 2019. As the Group changed its financial year-end to 31 December in 2019, it has accordingly also presented in this document certain financial and operational metrics as at and for the seven months ended 31 December 2019. As a result of this change in the Group's financial reporting year, the Group's historical financial results as at and for the seven months ended 31 December 2019 are not directly comparable to the preceding twelve-month financial year (ended 31 May 2019) or the subsequent twelve-month financial year (ended 31 December 2020).

The guidance around future performance included in this Prospectus may differ materially from actual developments and readers should not place undue reliance on it.

The information about the Group's expectations for its future performance in this Prospectus is based upon a number of assumptions and estimates made by management, which are subject to significant business, operational, economic and other risks, many of which are outside of the Group's control. Accordingly, such assumptions may prove to be incorrect. In addition, unanticipated events may adversely affect the actual results that the Group achieves in future periods whether or not its assumptions relating future periods otherwise prove to be correct. As a result, the Group's actual financial performance may vary materially from that suggested by this guidance, and readers should not place undue reliance on such guidance or information around recent developments.

Risks Related to the Global Offer and the Offer Shares

There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained.

Prior to the Global Offer, there has been no public trading market for the Ordinary Shares. The Offer Price will be determined by the Majority Shareholders and the Company in consultation with the Joint Global Co-ordinators and may not be indicative of the market price for the Ordinary Shares following Admission. Although the Company intends to apply to the FCA for the admission of the Ordinary Shares to the standard listing segment of the Official List and intends to apply to the London Stock Exchange for admission to trading on its main market for listed securities, the Group can give no assurance that an active trading market for the Ordinary Shares will develop or, if developed, can be sustained following the closing of the Global Offer. Liquidity in the Ordinary Shares could also be affected as a result of eligible Canadian resident shareholders electing to receive the Exchangeable Shares (together with ancillary rights) in lieu of the Ordinary Shares. If an active trading market does not develop or is not sustained, the liquidity and trading price of the Ordinary Shares could be materially adversely affected, and investors may have difficulty selling their Ordinary Shares.

The value of the Ordinary Shares may fluctuate significantly.

Following the Global Offer, the value of the Ordinary Shares may fluctuate significantly as a result of a large number of factors, including, but not limited to, those referred to in this Part II: “*Risk Factors*”, as well as period-to-period variations in operating results or changes in revenue or profit estimates by the Group, industry participants or financial analysts. The Ordinary Shares may trade at a discount to the net asset value per Ordinary Share. The value of the Ordinary Shares could also be affected by developments unrelated to the Group’s operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Group, speculation about the Group in the press or investment community, strategic actions by competitors, including acquisitions and/or restructurings, changes in market conditions and regulatory changes in any number of countries, whether or not the Group derives significant revenue therefrom.

The Group has significant shareholders whose interests may not be aligned with those of other shareholders.

Immediately following Admission, the Principal Shareholders and their associates will continue to have an interest (including through the Exchangeable Share Structure) in approximately 47.01 per cent. of the issued Ordinary Share capital of the Company, assuming no exercise of the Over-allotment Option, and approximately 42.31 per cent. if the Over-allotment Option is exercised in full. As a result, the Principal Shareholders and their associates will possess sufficient voting power to have significant influence over all matters requiring shareholder approval, including the election of directors, approval of significant corporate transactions and delay, defer or prevent a change of control.

The market price of the Ordinary Shares could be negatively affected by sales of substantial amounts of Ordinary Shares in the public markets by the Principal Shareholders, including following the expiry of the lock-up period, or the perception that such sales could occur.

Following the Global Offer, the Principal Shareholders and their associates will continue to have an interest (including through the Exchangeable Share Structure) in approximately 47.01 per cent. of the issued Ordinary Share capital of the Company, assuming no exercise of the Over-allotment Option, and approximately 42.31 per cent. if the Over-allotment Option is exercised in full. The Principal Shareholders and their associates are subject to restrictions on the sale and/or transfer of their respective holdings in the Company’s Ordinary Shares. The sale of a substantial number of Ordinary Shares by the Principal Shareholders and their associates in the public market after the lock-up restrictions in the Underwriting Agreement (as defined below) expire (or are waived by the Joint Global Co-ordinators), or the perception that these sales may occur, may depress the market price of the Ordinary Shares and could impair the Company’s ability to raise capital through the issuance of additional Ordinary Shares or negatively impact the market price of Ordinary Shares.

The issuance of additional Ordinary Shares in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute other shareholdings.

The Group, over the longer term, may seek to raise financing to fund future acquisitions, strategic growth opportunities and other investment in its business. The Group may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional Ordinary Shares or securities

convertible into Ordinary Shares. As a result, Shareholders may suffer dilution in their percentage ownership, or the price of the Ordinary Shares may be adversely affected.

Shareholders may not receive dividends.

The Group's financial condition and results of operations are dependent on its trading performance. There can be no assurance that the Company will pay dividends in the future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, amongst other things, applicable law, regulation, restrictions, the Group's financial position, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Board deem significant from time to time.

The Company is a holding company with no business operations of its own and depends on its subsidiaries for cash, including in order to pay dividends.

The Company is a group holding company with no independent operations and is dependent on earnings and distributions of funds from its operating subsidiaries for cash, including in order to pay dividends to Shareholders. As a matter of English law, the Company can pay dividends only to the extent that it has sufficient distributable reserves available, which depends upon the Company receiving cash from its operating subsidiaries in a manner which creates distributable reserves. The Company's ability to pay dividends to Shareholders therefore depends on its future Group profitability, the ability to distribute or dividend profits from its operating subsidiaries up the Group structure to the Company, general economic conditions and other factors the Directors deem significant. The Group's distributable reserves can be affected by reductions in profitability as well as by impairment of assets.

Pre-emptive rights may not be available to US holders of the Ordinary Shares.

US holders of the Ordinary Shares may not be able to receive (or trade) or exercise pre-emptive rights for new shares unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements of the US Securities Act is available. The Company does not plan to become a registrant under the US securities laws. If US holders of the Ordinary Shares are not able to receive (or trade) or exercise pre-emptive rights granted in respect of their Ordinary Shares in any pre-emptive offering by the Company, then they may not receive the economic benefit of such rights. In addition, their proportional ownership interests in the Ordinary Shares may be diluted.

Overseas Shareholders may face currency exchange risks by investing in the Ordinary Shares.

The Ordinary Shares are, and any dividends to be paid in respect of the Ordinary Shares will be, denominated in Pounds Sterling. An investment in the Ordinary Shares by an investor whose principal currency is not Pounds Sterling exposes the investor to currency exchange rate risk that may impact the value of the investment in the Ordinary Shares or any dividends.

Certain cash Distributions on Ordinary Shares, which are used to determine the value of the payments to be made in respect of Exchangeable Shares upon their retraction, redemption or purchase (as applicable), may be denominated in UK Pound Sterling and converted to the Canadian Dollar Equivalent as of the date on which such cash Distributions are paid on the Ordinary Shares. Fluctuations in the value of the UK Pound Sterling as against the Canadian Dollar may be subject to foreign currency exchange rate risk and result in commensurate volatility in the value of payments in respect of the Exchangeable Shares due from the Company.

The Company is applying for a standard listing and, accordingly, will not be required to comply with those protections applicable to a premium listing.

The Company is applying for the Ordinary Shares to be admitted to the standard list of the Official List. Although the Company intends to, among other things, voluntarily comply with the premium listing principles as set out in Chapter 7 of the Listing Rules, the additional on-going requirements and protections applicable to a premium listing under the Listing Rules will not apply to the Company. In particular, the provisions of Chapters 6 to 13 of the Listing Rules (additional requirements for premium listing, premium listing principles, sponsors, continuing obligations, significant transactions, related party transactions, dealing in own securities and treasury shares and contents of circulars), being additional requirements for a premium listing of equity securities, will not apply to the Group. Neither the FCA nor the London Stock Exchange will have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules or those aspects of the Disclosure Guidance and Transparency Rules which the Company has indicated herein that it intends to

comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply. The Company will also not be required to comply, or explain non-compliance, with the recommendations of the UK Corporate Governance Code.

The Company intends to further evaluate an application for a premium listing in due course, however, its ability to obtain a premium listing is dependent, among other things, on meeting the eligibility criteria principally detailed in Chapter 6 of the Listing Rules and no assurance can be given that the Company will be in a position to satisfy such criteria.

PART III

PRESENTATION OF INFORMATION ON THE GROUP

General

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Global Offer other than the information and representations contained in this Prospectus and, if any other information or representations is or are given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders or the Underwriters. No representation or warranty, express or implied, is made by any Underwriter or any selling agent as to the accuracy, completeness or verification of the information set forth in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Underwriters or any selling agent as to the past, present or future.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA and paragraph 3.4.1 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor any sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

None of the Company, the Directors, the Selling Shareholders or the Underwriters accepts any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Company, the Group or the Global Offer. None of the Company, the Directors, the Selling Shareholders or the Underwriters makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

This Prospectus has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation; such approval should not be considered as an endorsement of the company that is, or the quality of the securities that are, the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Company will update the information provided in this Prospectus by means of a supplement hereto if a significant new factor that may affect the ability of prospective investors to make an informed assessment of the Global Offer occurs prior to Admission or if this Prospectus contains any material mistake or inaccuracy. Any supplement to this Prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules. If a supplement to this Prospectus is published prior to Admission, investors shall have the right to withdraw their subscriptions made prior to the publication of the supplement. Such withdrawal must be done within the time limits set out in the supplement (if any) (which shall not be shorter than two days after publication of the supplement).

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its or their own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any investment or proposed investment in Ordinary Shares. In making an investment decision, each investor must rely on his or her own examination, analysis and enquiry of the Company and the terms of the Global Offer, including the merits and risks involved.

In connection with the Global Offer, any of the Underwriters and any of their respective affiliates may take up a portion of the Offer Shares in the Global Offer as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or his or her own account(s), or for the account of its or his or her customers, in the Ordinary Shares, any other securities of the Company or other related investments in connection with the Global Offer and may offer or sell such Ordinary Shares or other related investments in connection with the Global Offer or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being offered or otherwise dealt with should be read as including any offer to, or dealing by, the Underwriters and any of their respective affiliates acting as an investor for its or his or her own account(s) or for the account of its or his or her customers. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Ordinary Shares. None of the Underwriters or any of their respective affiliates intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

None of the Company, the Directors, the Selling Shareholders or the Underwriters is making any representation to any offeree or purchaser of the Ordinary Shares regarding the legality of an investment by such offeree or purchaser.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters accepts any responsibility or liability whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this Prospectus, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Group, the Ordinary Shares or the Global Offer, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether or not to the past or the future. Each of the Underwriters, accordingly, disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

The Underwriters and any of their respective affiliates may have engaged in transactions with, and provided various commercial banking, investment banking, financial advisory and other services for, the Company and the Selling Shareholders for which they would have received customary fees. Each of the Underwriters and any of their respective affiliates may provide such services to the Company and the Selling Shareholders in the future.

Prior to making any decision as to whether to purchase Ordinary Shares, prospective investors should read this Prospectus in its entirety and should not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination, analysis and enquiries of the Company and the terms of the Global Offer, including the merits and risks involved.

Investors who purchase Ordinary Shares in the Global Offer will be deemed to have acknowledged that: (i) they have not relied on any of the Underwriters or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus, and no person has been authorised to give any information or to make any representation concerning the Company, the Group or the Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders or any of the Underwriters.

Presentation of Financial and Other Information

The Group's consolidated historical financial information as at and for the 12-month period ended 31 May 2018, as at and for the 12-month period ended 31 May 2019, as at and for the 7-month period ended 31 December 2019 and as at and for the 12-month period ended 31 December 2020 (the "**Consolidated Historical Financial Information**") has been prepared in accordance with UK-adopted international accounting standards ("**IFRS**"). The Consolidated Historical Financial Information is presented in Canadian Dollars, which has been the Group's functional and presentational currency since its founding in 2017. Except as indicated, financial information presented is to the nearest thousand Canadian Dollars. The Consolidated Historical Financial Information is prepared on a going concern basis applying the historical cost convention. Part XV: "*Historical Financial Information*" includes the Consolidated Historical Financial Information, as well as an Accountant's Report thereon prepared by KPMG LLP ("**KPMG**"). Part XV: "*Historical Financial Information*" is set out in two parts as follows:

- Part A sets out KPMG's Accountant's Report on the Consolidated Historical Financial Information; and
- Part B sets out the Consolidated Historical Financial Information and includes the accounting policies and notes, including the notes to the Consolidated Historical Financial Information.

The Group intends to report its financial results in US Dollars commencing with the reporting period starting 1 January 2021.

Historical financial information

The historical financial information included in this Prospectus presents the results for the Group as at and for the year ended 31 December 2020, as at and for the seven months ended 31 December 2019, as at and for the year ended 31 May 2019 and as at and for the year ended 31 May 2018 (the "**Consolidated Historical Financial Information**"), in all cases, prepared in accordance with IFRS. The Consolidated Historical

Financial Information has been prepared in accordance with the requirements of the Prospectus Regulation Rules. The Consolidated Historical Financial Information was also prepared in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under IFRS.

The Consolidated Historical Financial Information is covered by the Accountant's Report issued by KPMG, located at 15 Canada Square, London, E14 5GL, in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. KPMG is an independent auditor in accordance with the Institute of Chartered Accountants of England and Wales and the Auditing Practices Board in the United Kingdom.

The financial information included in this Prospectus was not prepared in accordance with generally accepted accounting principles in the United States ("US GAAP"). There could be significant differences between IFRS, as applied by the Group, and US GAAP. The Group neither describes the differences between IFRS and US GAAP nor reconciles its IFRS financial statements to US GAAP. The financial information included in this Prospectus is not intended to comply with the US Securities and Exchange Commission's reporting requirements. Compliance with such requirements would require the modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information.

Re-presented historical periods

The Group prepares its annual financial statements as at and for the year ended 31 December each year, and it has presented in this document its financial results as at and for the year ended 31 December 2020. Historically, the Group prepared its annual financial statements as at and for the year ended 31 May, and it has presented in this document its financial results as at and for the years ended 31 May 2018 and 2019. As the Group changed its financial year-end to 31 December in 2019, it has accordingly also presented in this document its financial results as at and for the seven months ended 31 December 2019. As a result of this change in the Group's financial reporting year, the Group's historical financial results as at and for the seven months ended 31 December 2019 are not directly comparable to the preceding 12-month financial year (ended 31 May 2019) or the subsequent 12-month financial year (ended 31 December 2020).

In order to better enable readers to compare the Group's operating and financial performance across these historical periods, the Group also includes in this Prospectus revenue on a re-presented unaudited basis for the 12-month financial period ended 31 December 2019.

The following table reconciles revenue presented for the period indicated to information extracted from the Group's Consolidated Historical Financial Information and management accounts. The Reporting Accountant, KPMG, has not audited, reviewed, compiled or performed any procedures with respect to any management accounts information contained herein. Accordingly, KPMG does not express an opinion or any other form of assurance with respect thereto. Financial information for the year ended 31 December 2019 has been calculated by adding revenue for the seven months ended 31 December 2019 and the five months ended 31 March 2019.

Calculation of financial information for the year ended 31 December 2019:

	<u>7 months ended 31 December 2019</u>	<u>5 months ended 31 May 2019⁽¹⁾</u> (\$ thousands)	<u>Year ended 31 December 2019⁽²⁾</u> (unaudited)
Revenue	9,313	5,350	14,663

Note:

(1) Derived from Alphawave IP management accounts.

(2) Calculated from Alphawave IP's applicable results for the seven months ended 31 December 2019, plus its results for the five months ended 31 May 2019.

Pro forma financial information

In this Prospectus, any reference to "pro forma" financial information is to information that has been extracted without material adjustment from the unaudited pro forma financial information contained in Part XVI: "Unaudited Pro Forma Financial Information". The unaudited pro forma financial information comprises an unaudited pro forma statement of consolidated net assets of the Group at 31 December 2020.

The unaudited pro forma financial information has been prepared on the basis described in Part B of Part XVI: "Unaudited Pro Forma Financial Information" and in accordance with Annex 20 of the PR

Regulation to illustrate the impact of the Global Offer on the net assets of the Group had it taken place at 31 December 2020.

The unaudited pro forma financial information is for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results of operations. Future results of operations may differ materially from those presented in the pro forma information due to various factors. The unaudited pro forma financial information has not been prepared, or shall not be construed as having been prepared, in accordance with Regulation S-X under the US Securities Act.

Rounding

Rounding adjustments have been made in calculating some of the financial and operating information included in this Prospectus. As a result, numerical figures shown as total amounts in some tables may not be exact arithmetic aggregations of the figures that make up such total amounts.

Non-IFRS measures

This Prospectus contains certain financial measures that are not defined or recognised under IFRS, including EBITDA and EBITDA Margin (the “**Non IFRS measures**”). The Directors consider these metrics to be the Non-IFRS measures used by the Group to help evaluate growth trends, establish budgets and assess operational performance and efficiencies in relation to the Group. The Directors believe that the Non-IFRS measures provide an enhanced understanding of the Group's results and related trends and, therefore, increased transparency and clarity into the core results of the business of the Group.

A reconciliation of each of the Non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations are set out below. The Group does not regard these Non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS. Each Non-IFRS measure has limitations as an analytical tool, and each measure should not be considered in isolation from, or as a substitute for, analysis of the Group's financial condition, cash flows, or results of operations, as reported under IFRS. In addition, the Non-IFRS financial measures are not standardised terms, hence, a direct comparison between companies using such terms may not be possible.

The Group defines “**EBITDA**” as reported profit before tax, less interest income, plus interest expense and depreciation.

The Group defines “**EBITDA Margin**” as EBITDA, divided by revenue, expressed as a percentage.

The Non-IFRS measures are not measures of financial performance or liquidity under IFRS and should not be considered as an alternative to net profit, operating profit or any other performance measures derived in accordance with IFRS or as alternatives to cash flow from operating activities as a measure of liquidity. The Group believes that the Non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and booked depreciation on assets. The Non-IFRS measures have been presented because the Group believes that they are frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such Non-IFRS measures when reporting their results.

Currency Presentation

The Group prepares its financial statements and the financial information included in this Prospectus in Canadian Dollars. Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in Canadian Dollars.

Unless otherwise indicated, all references in this Prospectus to “Canadian Dollars”, “CaD” or “\$” are to the lawful currency of Canada, all references to “Sterling”, “Pounds Sterling”, “GBP”, “£” or “pence” are to the lawful currency of the United Kingdom, and all references to “US Dollars”, “USD” or “USD \$” are to the lawful currency of the United States.

Market, Economic and Industry Data

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Directors' estimates, using underlying data from independent third parties. The Group obtained market data and

certain industry forecasts used in this Prospectus from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including publications and data compiled by third parties (together, the “**Group market analysis**”). Third-party sources regularly reviewed by the Group when evaluating its operating environment include 650 Group, Cisco Systems (including the Cisco Cloud Index and Cisco Annual Internet Report), Gartner, Intel Corp., International Business Strategies Inc. (IBS), the International Data Corporation (IDC), IPnest, Open AI, Seagate, Semico and Synopsys.

The Group confirms that all third-party data contained in this Prospectus has been accurately reproduced and, so far as the Group is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified. While the Directors believe the third-party information included herein to be reliable, neither the Group nor the Underwriters have independently verified such third-party information.

Information Regarding Forward-Looking Statements

Certain statements included herein may constitute forward-looking statements within the meaning of the securities laws of certain jurisdictions. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, “will continue”, “should”, “would be”, “seeks”, “anticipates” or similar expressions or the negative thereof or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the Group’s intentions, beliefs or current expectations concerning, amongst other things, its results in relation to operations, financial condition, prospects, growth, strategies and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Group’s actual results of operations, financial condition, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. In addition, even if the Group’s results of operations, financial condition, or the development of the industry in which it operates are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to demand for the Group’s IP solutions, including its innovation and R&D and technology capabilities, target market trends, industry trends, customer activities and end-market trends, market acceptance of Group technologies; increased competition; the impact of the COVID-19 pandemic and macroeconomic conditions; changes in laws, regulations or regulatory policies; currency fluctuations; failure to retain key management; and timing and success of future acquisition opportunities or major investment projects.

These forward-looking statements speak only as of the date of this Prospectus. Subject to the requirements of the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Listing Rules, the Market Abuse Regulation or applicable law, the Group explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Prospectus that may occur due to any change in the Group’s expectations or to reflect events or circumstances after the date of it. All subsequent written and oral forward-looking statements attributable to either the Group or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus. The statements above related to forward-looking statements should not be construed as a qualification of the working capital statement contained in Part XIX: “*Additional Information — Working Capital*”.

Definitions

Certain terms used in this Prospectus, including all capitalised terms and certain technical and other terms, are defined and explained in Part XX: “*Definitions*”. Additional industry-related terms and those specific to the Group’s operations are defined and explained in Part XXI: “*Glossary*”.

No Incorporation of Website Information

Save for the copies of the documents listed in Part XIX: “*Additional Information — Documents available for inspection*”, the contents of the Group’s websites, any website mentioned in this Prospectus or any website

directly or indirectly linked to these websites have not been verified and do not form part of this Prospectus, and investors should not rely on such information.

Available Information for US Investors

The Company has agreed that for so long as any Sale Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the US Securities Act.

Service of Process and Enforcement of Civil Liabilities

The Company is a public limited company incorporated under English law. Most of the Directors and officers of the Company named herein are non-residents of the United States. A substantial proportion of the assets of these individuals are located outside the United States. The Company’s assets are all located outside of the United States. As a result, it may be impossible or difficult for investors to effect service of process upon such persons or the Company, or to enforce against them in US courts a judgement obtained in such courts. In addition, there is doubt as to the enforceability in the UK of original actions or actions for enforcement based on the federal or state securities laws of the United States or judgements of US courts, including judgements based on the civil liability provisions of the US federal or state securities laws. As a result, it may not be possible for an investor to serve process on such persons in the United States or to enforce judgements obtained in US courts against them based on the civil liability provisions of the securities laws of the United States or the securities laws of any state within the United States.

PART IV
CONSEQUENCES OF A STANDARD LISTING

APPLICATION WILL BE MADE FOR THE OFFER SHARES TO BE ADMITTED TO THE STANDARD LISTING SEGMENT OF THE OFFICIAL LIST. A STANDARD LISTING AFFORDS SUBSCRIBERS AND PURCHASERS OF SHARES A LOWER LEVEL OF REGULATORY PROTECTION THAN THAT AFFORDED TO INVESTORS IN COMPANIES WHOSE SECURITIES ARE ADMITTED TO THE PREMIUM LISTING SEGMENT OF THE OFFICIAL LIST, WHICH ARE SUBJECT TO ADDITIONAL OBLIGATIONS UNDER THE LISTING RULES.

The Offer Shares will be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for standard listings. The Company will comply with listing principles 1 and 2 as set out in Chapter 7 of the Listing Rules, as required by the FCA, and intends to voluntarily comply with the premium listing principles as set out in Chapter 7 of the Listing Rules notwithstanding that they only apply to companies which obtain a premium listing on the Official List.

An applicant that is applying for a standard listing of equity securities must comply with all the requirements listed in Chapter 2 of the Listing Rules, which specifies the requirements for listing for all securities, and there are a number of continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company.

These include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through the national storage mechanism, and related notification to a Regulatory Information Service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- Regulatory Information Service notification obligations in relation to a range of debt and equity capital issues; and
- compliance with, in particular, Chapters 4, 5 (if applicable) and 6 of the Disclosure Guidance and Transparency Rules.

While the Company will maintain a standard listing, it will not be required to comply with the provisions of, amongst other things:

- Chapter 6 of the Listing Rules containing additional requirements for the listing of equity securities, which are only applicable for companies with a premium listing;
- Chapter 7 of the Listing Rules, to the extent they refer to the premium listing principles; however, the Company intends to voluntarily comply with the premium listing principles in Chapter 7 of the Listing Rules notwithstanding that they only apply to companies which obtain a premium listing on the Official List;
- Chapter 8 of the Listing Rules regarding the appointment of, and consultation with, a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. In particular, the Company is not required to appoint a sponsor in relation to the publication of this Prospectus or Admission;
- Chapter 9 of the Listing Rules containing provisions relating to transactions, including, amongst other things, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10 per cent. of market value, notifications and contents of financial information;
- Chapter 10 of the Listing Rules regarding significant transactions;
- Chapter 11 of the Listing Rules regarding related party transactions;
- Chapter 12 of the Listing Rules regarding dealings by the Group in its own securities and treasury shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

A company with a standard listing is not currently eligible for inclusion in any of the FTSE indices (i.e., FTSE 100, FTSE 250, FTSE 350, FTSE All-Share, etc.). This may mean that certain institutional investors are unable or unwilling to invest in the Offer Shares.

The Company intends to further evaluate an application for a premium listing in due course. However, the Company's ability to obtain a premium listing is dependent, among other things, on meeting the eligibility criteria principally detailed in Chapter 6 of the UK Listing Rules. If the Company were to migrate to a premium listing, the various UK Listing Rules highlighted above as rules with which the Company is not required to comply would then immediately apply to the Company. There can be no assurance that the Company will satisfy such additional eligibility criteria.

PART V
DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	John Lofton Holt (Executive Chairman) Tony Pialis (President and Chief Executive Officer) Daniel Aharoni (Chief Financial Officer) Sehat Sutardja (Executive Director) Jan Frykhammar (Senior Independent Non-Executive Director) Michelle Senecal de Fonseca (Independent Non-Executive Director) Paul Boudre (Independent Non-Executive Director) Victoria Hull (Independent Non-Executive Director) Susan Buttsworth (Independent Non-Executive Director) Rosalind Singleton (Independent Non-Executive Director)
Company Secretary	Link Company Matters Limited
Registered office of the Company and global headquarters	Alphawave IP Group plc 6 th Floor 65 Gresham Street London EC2V 7NQ United Kingdom
Joint Global Co-ordinator and Joint Bookrunner	Barclays Bank PLC 5 The North Colonnade Canary Wharf London E14 4BB United Kingdom
Joint Global Co-ordinator and Joint Bookrunner	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP United Kingdom
Joint Bookrunner	BMO Capital Markets Limited 95 Queen Victoria Street London EC4V 4HG United Kingdom
English and US legal advisers to the Company	Linklaters LLP One Silk Street London EC2Y 8HQ United Kingdom
English and US legal advisers to the Underwriters	Davis Polk & Wardwell London LLP 5 Aldermanbury Square London EC2V 7HR United Kingdom
Auditors and Reporting Accountants	KPMG LLP 15 Canada Square London E14 5GL United Kingdom
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA United Kingdom

PART VI

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Expected timetable of principal events

Event	Time and Date ⁽¹⁾⁽²⁾
Prospectus published/Announcement of Offer Price and notification of allocations	13 May 2021
Commencement of conditional dealings on the London Stock Exchange	8.00 a.m. on 13 May 2021
Admission and commencement of unconditional dealings on the London Stock Exchange	8.00 a.m. on 18 May 2021
CREST accounts credited	19 May 2021
Despatch of definitive share certificates (where applicable)	from 26 May 2021

Notes:

- (1) References to times are to London times unless otherwise stated. Each of the times and dates in the above timetable is subject to change without further notice.
- (2) Times and dates set out in the timetable above and mentioned throughout this Prospectus that fall after the date of publication of this Prospectus are indicative only and may be subject to change without further notice. **In particular, the dates and times of the announcement of the Offer Price, Admission and start of conditional dealings in Shares on the London Stock Exchange may be accelerated or extended by agreement between the Joint Global Co-ordinators and the Company.**

It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned. Temporary documents of title will not be issued.

PART VII

GLOBAL OFFER STATISTICS

Global Offer statistics⁽¹⁾

Offer Price (per Offer Share)	410 pence
Number of Ordinary Shares in issue on Admission	664,965,934
Number of Offer Shares in the Global Offer ⁽²⁾	208,695,652
— New Shares	87,835,796
— Sale Shares	120,859,856
Number of Offer Shares in the Global Offer as a percentage of total number of Ordinary Shares in existence on Admission	31.4%
Maximum number of Ordinary Shares subject to the Over-allotment Option	31,304,348
Market capitalisation of the Company (on a fully diluted basis) at the Offer Price . .	£3,106.5 million
Estimated net proceeds of the Global Offer receivable by the Company ⁽³⁾	£338.9 million
Estimated net proceeds of the Global Offer receivable by the Selling Shareholders ⁽²⁾⁽⁴⁾	£475.7 million

Notes:

- (1) Assuming all the Pre-IPO Reorganisation steps set out in Part XIX: “*Additional Information — Pre-IPO Reorganisation*” are completed in full.
- (2) Assuming no exercise of the Over-allotment Option.
- (3) The estimated net proceeds receivable by the Company are stated after the deduction of estimated underwriting commissions (including the maximum amount of any discretionary commissions) and other fees and expenses of the Global Offer (including VAT) payable by the Company, which are expected to be approximately £21.2 million. The Company will not receive any of the net proceeds from the sale of the Sale Shares in the Global Offer by the Selling Shareholders or the sale of Ordinary Shares pursuant to the Over-allotment Option.
- (4) The estimated net proceeds receivable by the Selling Shareholders are stated after the deduction of estimated underwriting commissions (including the maximum amount of discretionary commissions) and applicable taxes payable by the Selling Shareholders in connection with the Global Offer, which are expected to be approximately £19.8 million.

PART VIII

USE OF PROCEEDS AND DIVIDEND POLICY

Use of Proceeds

The Company expects to receive net proceeds (after deducting estimated underwriting commissions (including the maximum amount of any discretionary commissions) from the issue of the New Shares in the Global Offer and other fees and expenses of the Global Offer (including VAT) payable by the Company) of approximately £338.9 million.

The Company intends to use all of the net proceeds from the issue of the New Shares:

- to support the Group's future growth and development by scaling its team globally, enhancing its technology offering and winning new customers and new designs at existing customers (approximately 20 per cent.);
- to continue to expand the Group's global offering, including in high-growth regions, and further IP offerings to expand subscription and royalty revenue streams (approximately 40 per cent.); and
- to service customer demand for chiplets incorporating the Group's technologies and IPs, including licensing and manufacturing capabilities, and general corporate purposes (approximately 40 per cent.).

The Selling Shareholders will together raise net proceeds (after deducting estimated underwriting commissions (including the maximum amount of any discretionary commissions) from the sale of the Sale Shares in the Global Offer and applicable taxes) of approximately £475.7 million, excluding any proceeds receivable by the Over-allotment Shareholders pursuant to any exercise of the Over-allotment Option.

No commissions, fees or expenses will be charged to investors in connection with the Admission or the Global Offer by the Company or the Selling Shareholders.

Dividend Policy

In the near term, the Group currently intends to retain any future earnings to finance the operation and expansion of its business, and to drive continued growth. The Group will review its dividend policy on an ongoing basis, with respect to the cash position of the Group, the growth of the Group's businesses, and the macroeconomic environment, but does not expect to declare or pay any dividends for the foreseeable future.

It is not expected that Exchangeable Shareholders will receive Distributions from ExchangeCo. To maintain substantial economic equivalence with the Shareholders, Exchangeable Shareholders will, however, be entitled to receive the Economic Equivalence Payment upon the retraction, redemption or purchase, as the case may be, of their Exchangeable Shares.

Pursuant to the Voting and Exchange Trust Agreement, JerseyCo will irrevocably waive its rights to receive Distributions attaching to its Underlying Shares from time to time for as long as it holds such Underlying Shares and, as such, will not receive any dividends paid by the Company.

PART IX

INDUSTRY OVERVIEW

The following information relating to the Group's industry has been provided for background purposes only. The information has been extracted from a variety of sources released by public and private organisations. The information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors should read this Part IX in conjunction with the more detailed information contained in this Prospectus including Part II: "Risk Factors" and Part XIII: "Operating and Financial Review".

Industry Background

The Group addresses the fast-growing wired connectivity IP market, which benefits from secular trends related to rapid and reliable data movement required in data centres, communications infrastructure and increasingly in autonomous vehicles. Over the last decade, the proliferation of new technologies, applications, cloud-based services and internet-connected devices has led to increasing levels of data traffic and congestion, driving the need for greater bandwidth. The global datasphere, or data that is created, captured, copied and consumed, is set to grow from 40 zettabytes in 2019 to 175 zettabytes in 2025, representing a CAGR of 28 per cent.¹ A significant portion of this data has to be transmitted using wired network infrastructure. The following factors drive this rapid creation and consumption of data, including:

- **Proliferation of cloud services and hyperscale data centres.** Enterprises are increasingly adopting cloud services to reduce IT costs and scale computing, networking and storage requirements on-demand. Consumers are increasingly relying on cloud services to satisfy bandwidth-intensive needs such as high definition and 4K on-demand video viewing, audio streaming and photo sharing. The global cloud services market is expected to grow from USD \$552 billion in 2020 to USD \$1 trillion in 2025, representing a CAGR of 14 per cent.² The Group expects the infrastructure-as-a-service ("**IaaS**") portion of this market, which includes services related to cloud-based computing, networking and storage, to grow at a CAGR of 18 per cent. during that period.²
- **Development of advanced wireless technologies, such as 5G.** Consumption of data and video-intensive content and applications on mobile devices is driving significant growth in mobile data and video traffic and has led to adoption of advanced wireless communication technologies, such as 5G. By 2023, average mobile speeds of 5G-enabled devices are expected to be 575 megabits per second, or 13 times higher than the average mobile connection today.³ To support cellular speeds of such magnitude, wired connectivity interfaces must match this performance, particularly as wireless signals aggregate in the access layer before being routed to core wired networks.
- **Proliferation of "Internet of Things" devices.** Significant consumer, enterprise and governmental adoption of internet-connected devices embedded with electronics, software and sensors is anticipated to strain network capacity further and increase demand for bandwidth, while creating significant amounts of data to process. Approximately 29 billion devices and objects are expected to be connected to the internet by 2023, compared to 18 billion in 2018, representing a CAGR of 10 per cent.³ Specifically, machine-to-machine (M2M) connections are expected to grow from approximately 6 billion in 2018 to 15 billion in 2023, representing a CAGR of 19 per cent. and comprising 50 per cent. of all connections in 2023.⁴
- **Growth of artificial intelligence.** Proliferation of hyperscale data centres, improvements in hardware and semiconductor technology and maturation of software frameworks has fuelled significant growth in artificial intelligence applications. Compute devices such as microprocessors ("**CPUs**"), graphics processing units ("**GPUs**"), field programmable gate arrays ("**FPGAs**") and specialised application-specific integrated circuits ("**ASICs**") can now be configured to train and apply complex machine learning models and make accurate predictions that were not possible a decade ago. As these models become more multi-layered and complex, they need to be processed on a large number of interconnected computing cores, which puts significant pressure on wired connectivity and interface technologies.

1 Group market analysis, including data from IDC.

2 Group market analysis, including data from 650 Group.

3 Public Cisco Annual Internet Report (2018—2023) White Paper.

4 Group market analysis, reflecting market trends and industry projections.

Overview of Wired Connectivity IP

In electronic systems, connectivity functionality is ubiquitous and used wherever a chip needs to be connected to another chip. Connection length can range from distances spanning thousands of miles, which are traditionally addressed by high-speed optical networks, to short chip-to-chip links used to connect chips to each other. As every chip functions internally using electrical signalling, electrical connectivity interface is an essential functional block of semiconductor design. The overall addressable market for semiconductor devices, including CPUs, FPGAs, ASICs and general wired connectivity, is estimated to be USD \$34 billion in 2020.⁴ In contrast to wireless interface technologies, such as WiFi, Bluetooth or 5G, which are typically more consumer-facing, applications targeted by the Group's wired connectivity solutions are predominantly related to critical network infrastructure and data processing and require significantly higher data rates, reliability and performance.

Transmission speed performance, power consumption, chip footprint and design flexibility are generally the most important considerations for chipmakers as they select connectivity IP blocks for their designs. These considerations can be managed in different types of connectivity IP blocks, including parallel data interfaces to serial data interfaces. The Group's solutions can use both approaches but, to date, the Group has specialised in high-speed serial data interfaces. The Group has developed a novel serialiser/deserialiser, or SerDes, which is a critical component of serial wired connectivity IP design. A SerDes is used in integrated circuits as an interface to other chips by converting parallel streams of data, which are used within integrated circuits, to serial streams, which are used in longer-distance transmission outside and between chips, and vice versa. In general, serial transmission is more efficient and less complex over longer distances due to timing, synchronisation and footprint advantages, whereas parallel transmission is critical inside chips to achieve throughput and performance. Due to this key difference, every integrated circuit that needs fast and reliable external connectivity requires a SerDes.

Critical Industry Challenges

Historically, wired connectivity IP has been challenging to design. As every connectivity block requires a complex combination of phase-locked loops ("PLLs"), clock-data recovery ("CDR") circuits, transmission line drivers, and receiver equalisers, alongside with additional proprietary circuitry, designing wired connectivity IP blocks has been the domain of analogue mixed-signal engineers. Traditionally, analogue design can differ drastically from digital techniques and requires specialised know-how. In addition, as wired connectivity transmission speed requirements continue to increase, most recently to a rate of 112 gigabits per second, and as modulation schemes become more complex, traditional analogue approaches to connectivity become more sensitive to process, voltage and temperature variations. Furthermore, analogue circuitry does not directly benefit from scaling to lower geometries, such as 7nm and 5nm, because of limited performance and power benefit and increased potential for signal disruption by noisy digital circuits nearby. Another challenge of traditional analogue connectivity is generally a longer time is required to bring a design to market as each analogue circuit is typically developed to target a unique application, with each development requiring tens of millions of dollars of investment and up to two years of development time to yield a robust, production-worthy design. Due to these fundamental challenges, wired connectivity designs are becoming harder to design and integrate into complex logic-based integrated circuits.

As CPUs, GPUs, FPGAs and application-specific integrated circuits incorporate more transistors and improve clock speed and performance, they increasingly rely on faster wired connectivity interfaces, which can be a critical bottleneck, potentially limiting these devices from reaching their full performance potential. For example, the speeds for Peripheral Component Interconnect Express standard, or PCIe, which is commonly used to connect peripheral devices such as graphics cards, storage devices and ethernet connectivity adapters on computer and server motherboards, have historically doubled every three years, growing to 128 gigabits per second in the new PCIe 5.0 standard that is expected to be widely adopted in coming years. Other connectivity standards, such as Ethernet and Universal Serial Bus, or USB, are expected to continue increasing transmission speed requirements, driving the need for faster, reliable and flexible physical connection technology that can support multiple standards.

Increasing Semiconductor Design Complexity

To achieve higher performance and functionality for the most demanding applications, such as network switching or artificial intelligence, semiconductor designers are increasingly utilising leading-edge process technologies for products such as CPUs, GPUs, FPGAs and ASICs. The size of the smallest transistor, the basic building block of modern semiconductors, has been reduced to 5nm in 2020 by leading third-party semiconductor manufacturers such as Samsung and TSMC, from 3,000nm in the 1980s, 65nm in 2006, and

28nm in 2011. An integrated circuit made on a 5nm process contains over 150 million transistors per square millimetre. With each transistor size reduction, development costs for designers tend to rise significantly. For example, total chip design costs for a single 5nm integrated circuit are estimated to be as high as USD \$542 million, having risen nearly 20 times from USD \$28 million estimated for a 65nm design.⁵ In addition, integrated circuits tend to become significantly more complex from generation to generation as the average number of functional IP blocks per chip has increased from approximately 100 in 2012 to approximately 150 in 2016. This increased semiconductor design cost and complexity encourages many chip designers to utilise third-party providers of various IP blocks, particularly those that perform critical and hard-to-do functionality that needs to be high-performing and reliable, such as interface connectivity.

Overview of Semiconductor and Wired Connectivity IP Market

The semiconductor IP licensing market is a subset of the broader semiconductor device market, making wired connectivity specialists key providers in the semiconductor value chain. Semiconductor IP suppliers provide pre-designed blocks of logic that are integrated into a customer's larger system on a chip, or SOC. The semiconductor IP industry was estimated to be approximately USD \$3.9 billion in 2019, with compute IP and wired connectivity IP accounting for 51 per cent. and 22 per cent. of the total semiconductor market, respectively.⁵ Wired connectivity IP is estimated to be the fastest growing segment of the broader semiconductor IP market, and is expected to grow at a CAGR of 14 per cent. from approximately USD \$900 million in 2019 to approximately USD \$1.7 billion in 2024.⁵

Historically, semiconductor device suppliers largely designed their own technologies in-house. Over the past decade, due to increasing complexity, rising development costs, specialist skill sets and faster required time-to-market, many semiconductor design and manufacturing companies have increasingly chosen to license proven intellectual property such as high-speed wired interface connectivity from third-party IP providers including Alphawave IP. The demands for high-speed wired connectivity IP have become more stringent over the years, and many semiconductor device companies do not have the capability to design connectivity interface blocks internally and choose to focus efforts on the core functionality of their products. It is estimated that approximately 70 per cent. of wired connectivity IP is outsourced to third-party providers,⁶ and the Group believes that this reliance will continue to grow as connectivity demands reach higher transmission speeds. In addition, more system-level OEMs and hyperscaler data centre operators are developing their own silicon for greater control of system-level design, competitive differentiation and economies of scale. Many of these companies do not currently have internal wired connectivity IP capability and have to rely on third-party providers.

Evolving IP Delivery Model and the Chiplet Market Opportunity

Complete Product Licensing

In addition to providing wired connectivity IP as a separate block to be integrated in a larger system-on-a-chip design, customers increasingly demand more complete IP solutions from third-party suppliers, particularly in cases where the wired connectivity IP represents the core function of the chip and therefore the majority of electronic content. For example, for certain retimer products used to boost electrical signals in applications, such as data centre switch backplanes, wired connectivity IP represents the vast majority of content and is the core function of the chip, in certain cases up to 80 per cent. to 90 per cent. of the chip substance. In these cases, customers may rely on wired connectivity IP providers to design the entire chip and will instead focus on manufacturing, marketing and selling the product.

Chiplet Market Opportunity

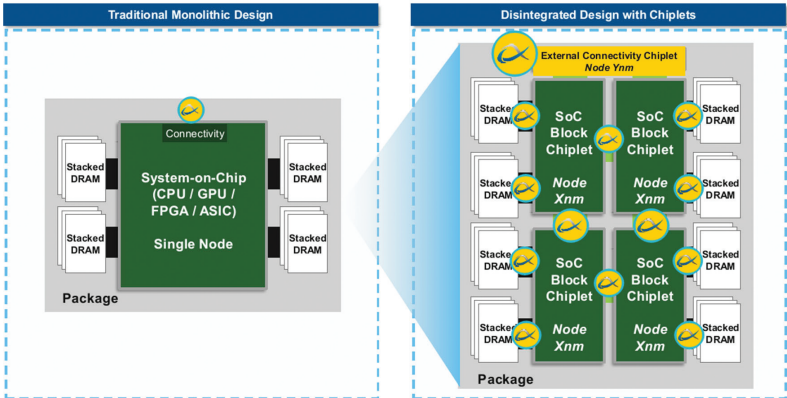
The rapidly growing chiplet market will create a significant opportunity for wired connectivity IP providers. As integrated circuits such as CPUs, GPUs, FPGAs and application-specific integrated circuits increase in complexity and size, the manufacturing process becomes economically limited and challenged by the physical limit of single patterning device, or reticle, that is required to imprint electronic circuitry on a silicon wafer. In addition, as size of single transistor geometry continues to decrease in advanced nodes, currently to 5nm and eventually to 3nm and beyond, manufacturing larger chips with higher transistor density becomes less economical due to lower manufacturing yields and the necessity to design every function, including connectivity interface, in the same manufacturing node. The economic slowdown of Moore's Law, the

⁵ Group market analysis, reflecting market trends and industry projections.

⁶ Group market analysis, reflecting market trends and industry projections.

observational principle that speed and performance of processors doubles every two years as transistors reduce in size, has been observed since 2016 when transistor geometries reached 14nm.

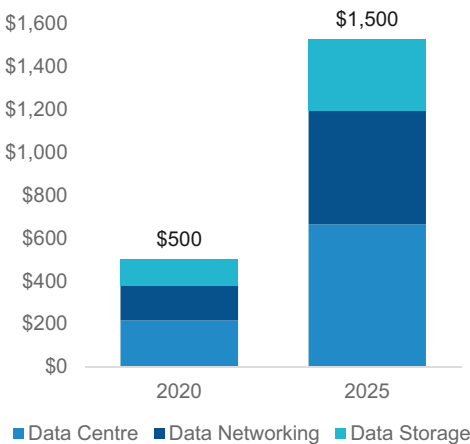
One way to address these challenges has been to divide larger integrated circuits into smaller modular pieces of silicon, or chiplets, that can be integrated together using die-to-die interfaces. This disaggregation of silicon presents an opportunity for wired connectivity IP providers to supply wired connectivity IP in chiplet or die form, either in licensing or full-chip format, potentially at more mature process geometries to minimise cost and maximise overall performance. The overall chiplet market for all semiconductors, including processors and connectivity, is expected to grow from approximately USD \$3 billion in 2020 to approximately USD \$50 billion in 2024, representing a CAGR of 98 per cent.⁷ Within this market, server-based and other applications that exclude desktop PCs, laptops and smartphones are expected to grow from approximately USD \$1 billion in 2020 to approximately USD \$22 billion in 2024, representing a CAGR of 112 per cent.⁸ Connectivity chiplets are expected to represent a portion of this market.



Market Opportunity for Alphawave IP

The Group estimates that the overall wired connectivity IP market represents a USD \$1.0 billion opportunity as of 2020, and it expects this market to grow to \$1.7 billion by 2024.⁷ In addition, Alphawave IP believes there is a substantial market opportunity as the Group maintains and expands its technology leadership. The Group estimates its total addressable market opportunity for its current products to be USD \$500 million in 2020, growing to USD \$1.5 billion in 2025, representing a CAGR of approximately 23 per cent.⁷ By 2024, the addressable market for the Group’s future products is forecast to exceed USD \$50 billion. This current and future market includes addressable content in data centre, networking, storage, with additional potential upside from 5G wireless infrastructure, artificial intelligence and autonomous vehicle markets.

Total Serviceable Market Opportunity



⁷ Group market analysis, reflecting market trends and industry projections.

⁸ Group market analysis, reflecting market trends and industry projections.

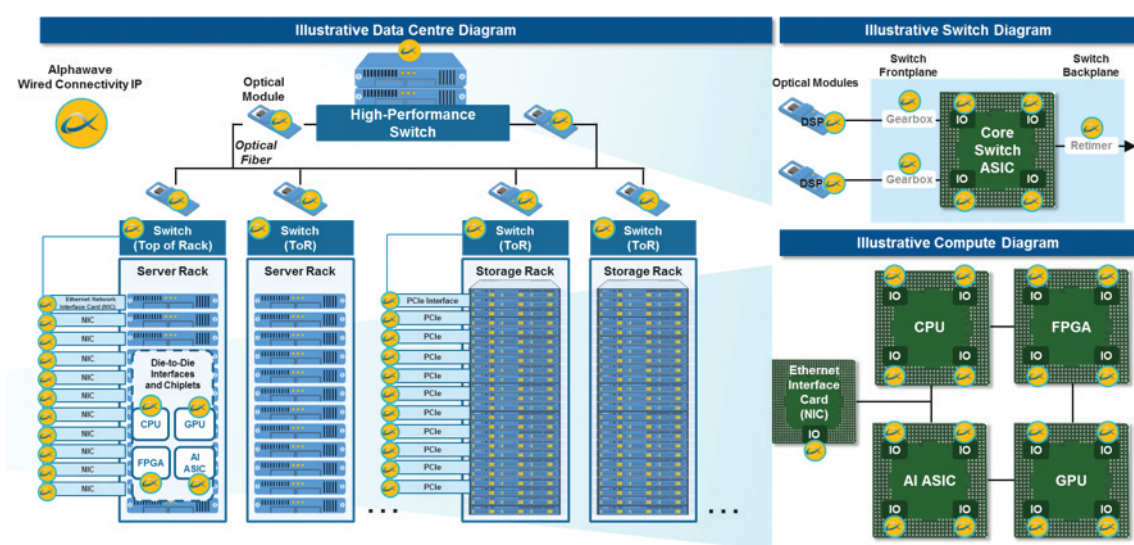
End-Market Overview

High-speed connectivity is critical to a wide variety of end-markets that rely on fast, reliable and power-efficient transfer of data. Alphawave IP's wired connectivity IP typically addresses infrastructure-oriented end-markets with a strong emphasis on performance as listed below. The Group currently does not address consumer-oriented markets such as mobile devices or personal computers.

Hyperscale Data Centres

In recent years, data centre operators have continued to construct data centres around the world to address the growing demand for data and the increased demand for enterprise-grade and consumer cloud services. The total number of large data centres is expected to grow at an overall rate of 17 per cent. from 1,579 in 2020 to 1,849 in 2024.⁷ As hyperscale data centres grow in number and size, reliable high-speed wired connectivity becomes critical as a large number of servers, switches and storage devices need to be interconnected in a cost-efficient manner. In addition, in recent years, hyperscale data centre operators have increasingly been designing their own silicon for processing and connectivity functionality to take advantage of economies of scale, attain a greater internal control over technology and increase service differentiation. To ensure their silicon matches or exceeds performance of merchant silicon, they have been relying on third-party silicon IP providers.

Below is an illustrative diagram of a data centre design, with networking, computing and storage components. Wired connectivity IP blocks, including those developed by the Group, can be found in a variety of applications.



While the Group's IP can be found in compute, switching and storage nodes within a typical data centre, for this segment the Group primarily classifies the revenue to compute customers such as designers of microprocessors (MPUs) and programable logic (FPGAs). The data centre compute market in recent years has been driven by continued performance evolution of processing devices in data centres, as wired connectivity is critical to connect these processors to other chips. In addition, some designers are focusing on building sophisticated heterogeneous SOCs that combine traditional MPUs with programable logic circuitry for more specialised and efficient workload allocation. Many of these designs rely on interconnected chiplets, with connectivity chiplets comprising a critical portion of the design to provide for efficient communication with the outside world.

Data Networking

In a typical data centre, data is transmitted between compute and storage devices through switches, routers and interface cards using copper or optical cables. Up to 76 per cent. of all data centre internet traffic traverses internally within data centres due to significant interaction between compute and storage resources, putting significant pressure on networking and interface bandwidth requirements.⁹ In data centres, wired connectivity IP can be found in switch front- and backplanes, providing critical high-speed interfaces between switch ASICs and optical devices as optical links are transformed to electrical interfaces, and in high-speed interface cards

⁹ Group market analysis, reflecting market trends and industry projections.

that sit in servers, storage devices and other appliances. For example, maximum throughput for a data centre switch in recent years has increased from 12 Terabits per second to 25 Terabits per second, and the speed of an individual data centre port has risen from 100G per second to 400G per second. At such speeds, 112G SerDes-based wired interface is crucial to support such high-speed links for switch ASICs. The number of 400Gbps and 800Gbps data centre switch ports in use is expected to grow from 4.7 million in 2020 to 35 million in 2025, representing a CAGR of 49 per cent.¹⁰ While today virtually all 400Gbps ports are enabled by 50Gbps SerDes links, in the future 100Gbps SerDes connections are expected to grow rapidly. The number of 100Gbps and 200Gbps SerDes embedded in data centre switches are expected to grow from 4.6 million in 2021 to 248 million in 2025, representing a CAGR of 171 per cent.¹⁰

Artificial Intelligence

The overall market for silicon containing AI functionality is expected to grow from USD \$12 billion in 2019 to USD \$44 billion in 2024, representing a CAGR of 29 per cent., with the market excluding smartphone, tablet and laptop applications growing at a CAGR of 50 per cent. over that time.¹¹ As AI models become more complex and multi-layered, they consume an increasing amount of compute, storage and networking resources. The amount of compute used in the largest AI training runs is estimated to have increased 300,000 times from 2012 to 2018, which caused a general increase in AI chip complexity and size.⁹ As it becomes less practical and economical to build large monolithic die for AI, due to complexity and yield challenges, many AI suppliers choose to cluster a number of AI chips that have to share common resources such as memories and be able to talk to each other for greater performance. Therefore, interface connectivity can be a key bottleneck for AI chips and may prevent AI systems from reaching their full performance potential.

Storage

As data processing requirements in data centres continue to grow, so does the proliferation of high-performance storage, particularly solid-state drives that are based on flash memory. Compared to hard-disk drives, flash-based solid-state drives are able to store more data per footprint and are much faster to access. The total flash memory consumption for solid-state drives globally is expected to grow from 159 billion gigabytes in 2019 to 825 billion gigabytes in 2024, representing a CAGR of 39 per cent.⁹ As requirements for fast data access and storage continue to grow, solid-state drive manufacturers are increasingly using the NVM Express (“**NVMe**”), interface specification for external connectivity, which uses PCIe as the connectivity standard. Accordingly, the number of PCIe-based solid state drives is expected to grow from 232 million units in 2020 to 396 million units in 2024, representing a CAGR of 14 per cent.¹² Historically, PCIe speeds have doubled every three years and are expected to increase to 128 gigabits per second in the PCIe 5.0 specification. Such interface speeds require high-performing and reliable SerDes IP in order to avoid performance bottlenecks related to external connectivity.

5G Infrastructure

5G, the fifth generation wireless standard, aims to increase cellular transmission speeds for wireless users up to 10 gigabits per second and expand bandwidth and density to accommodate a wide array of IoT devices. An important part of the evolving wireless infrastructure architecture is the utilisation of shorter frequencies, which necessitates a build-out of a greater number of antenna units interconnected through “front-haul” links with an array of distributed basebands. Because of this architectural separation, a significant strain is put on the wireline network, particularly on the front-haul and mid-haul portion that requires very low-latency reliable connectivity. Connectivity interface has to keep up with evolution of high-performing specialised wireless integrated circuits such as transceiver and baseband units and support a variety of standards, including CPRI, JESD204, Ethernet and PCIe.

Autonomous Vehicles

Advanced driver assistance systems, in-vehicle infotainment and autonomous driving systems, are driving the need for interconnected cameras, sensors such as LiDARs and RADARs, displays and on-board processors. It is expected that each autonomous car will be able to generate and consume up to 4 terabytes of data per hour of driving. High-speed wired connectivity is key to move this data from sensors to processing nodes and interconnect the automotive components with low latency. Due to stringent safety requirements, automotive connectivity has to be reliable and resilient to noise and interference under harsh environments. In 2020, MIPI,

¹⁰ Group market analysis, including data from 650 Group.

¹¹ Group market analysis, reflecting market trends and industry projections.

¹² Group market analysis, including data from IDC.

a mobility-oriented global business alliance, released the first automotive long-reach SerDes interface specification, which calls for data rates as high as 16 gigabits per second with a roadmap to 48 gigabits per second and beyond.

PART X

INFORMATION ON THE GROUP

Investors should read this Part X: “Information on the Group” in conjunction with the other information contained in this Prospectus including the financial and other information appearing in Part XIII: “Operating and Financial Review”. Where stated, financial information in this Part X has been extracted from Part XV: “Historical Financial Information”.

Overview

Alphawave IP addresses a critical need in the technology world: the Group builds industry-leading wired connectivity solutions that enable data to travel faster, more reliably, using lower power. Alphawave IP’s wired connectivity technology is embedded in leading-edge semiconductors built to power global network- and computer-systems that process zettabytes of data. The Group targets Tier-1 customers in data centre, AI, 5G wireless infrastructure, data networking, autonomous vehicles and solid-state storage.

Wherever there is a high-end compute, networking or storage *solution*, Alphawave IP addresses the high-end connectivity *need*.

Alphawave IP has a proven track record in licensing semiconductor IP to various of the world’s leading companies, powering high-bandwidth compute, data centre and network infrastructure. As ARM conquered the mobile device market with its processor technology, Alphawave IP seeks to conquer the global infrastructure markets with its wired connectivity solutions. Management believe that Alphawave IP is the only non-US company licensing this technology, serving customers globally in North America, China, South Korea, Europe—anywhere high-speed wired connectivity is needed.

The Group focuses on the design and development of digital signal processing (DSP)-based, multi-standard wired connectivity silicon IP solutions. As technological advances in smart-devices and digital integration continue to push the boundaries of connectivity capabilities in everyday products from automobiles to AI-enabled devices, the underlying data networks and data centres that support them require high-performance connectivity. The Group addresses this growing need for advanced and high-speed data transmission at the chip level. The Group’s IP solutions support data transmission in semiconductor devices, chips and dies, providing designs for interfaces that utilise advanced data transmission technology to ensure the highest transmission speeds at low power levels. As computer chips continue to decrease in size, recent leading developments include the Group’s introduction of designs for use at 7nm, 6nm and 5nm manufacturing technologies (a nanometre measuring less than the width of a human DNA strand). The Group believes that its technology expertise, strong customer relationships and industry experience support its development of the cutting-edge solutions that enable chip designs powering next-generation technologies. Since its founding, the Group’s solutions have repeatedly established benchmarks in the industry in terms of performance, power consumption, size and flexibility.

Alphawave IP has established its position as a key provider in the semiconductor value chain through a portfolio of silicon IP solutions that are delivered to customers using a well-understood licensing model. Through this model, the Group’s design and development activities support steps in the production process for semiconductor vendors, OEMs and hyperscaler data centre operators, who utilise the Group’s silicon IP blocks and blocks from other IP providers to create their own semiconductor designs and products. As semiconductor designs become more complex and chip development costs continue to rise, semiconductor suppliers are increasingly licensing critical wired connectivity IP blocks from providers such as Alphawave IP rather than develop these technologies internally. This allows the Group to focus on advanced design and development activities without the significant capital expenditure (“**capex**”) requirements of a traditional semiconductor company. Alphawave IP is an approved provider with TSMC and Samsung, the world’s two leading third-party foundries, which represent the majority of third-party manufacturing capability globally at 7nm and beyond. This close relationship with TSMC and Samsung ensures that customers can seamlessly integrate the Group’s IP solutions into their own semiconductor products. Growth in the global semiconductor industry, and in particular within the wired connectivity IP market where Alphawave IP operates, will continue to be driven by increasing connectivity requirements in end-markets such as data centre, AI, 5G wireless infrastructure, data networking, autonomous vehicles and solid-state storage in the coming years.

Alphawave IP offers its wired connectivity IP solutions across a variety of formats (or form factors), utilising a configurable “chassis” model to allow customers to choose the specific capabilities required for their semiconductor device designs. As Alphawave IP grows its IP offering into chiplet design and development, providing customers with a turn-key product licence, it expects continued proliferation of its IP solutions in

customers' semiconductor designs, providing the Group with enhanced revenue and royalty growth and increasing margins over time. In the future, Alphawave IP may also further diversify and expand its product offering in chiplets to include manufacturing and sale of chiplet silicon devices as part of its strategic growth in the medium to long term.

During the year ended 31 December 2020, the Group generated revenue of \$44.2 million, exhibiting robust growth as compared to \$9.3 million, \$6.9 million and \$3.5 million in the seven months ended 31 December 2019, the year ended 31 May 2019 and the year ended 31 May 2018, respectively. The Group's bookings from contracts entered into during the year ended 31 December 2020 were USD \$75.0 million (USD \$51.9 million excluding estimated royalties), as compared to USD \$27.2 million (USD \$23.4 million excluding estimated royalties) from contracts entered into during the year ended 31 December 2019 and USD \$9.6 million (nil royalties) from contracts entered into during the years ended 31 December 2018 and 2017 (in aggregate). This rapid bookings growth has continued into the current year, and the Group achieved USD \$82.2 million in bookings (USD \$74.3 million excluding estimated royalties) from contracts entered into during the three-month period ended 31 March 2021. The Group's operating profit increased significantly over these years, reaching \$23.9 million in the year ended 31 December 2020, as compared to \$3.3 million, \$0.7 million and \$1.2 million in the seven months ended 31 December 2019, the year ended 31 May 2019 and the year ended 31 May 2018, respectively.

Industry Overview

Industry Background and Challenges

Wired connectivity performance is a critical limiting factor in high-performance semiconductor applications, such as data centre, AI, 5G wireless infrastructure, data networking, autonomous vehicles and solid-state storage. As integrated circuits such as CPUs, GPUs, PLDs and ASICs increase in complexity and performance with higher space demands, they have to interface with other circuits in a reliable manner at high transmission speeds. Since connectivity functionality is generally more challenging to design at higher transmission speeds, semiconductor designers and manufacturers (and, increasingly, original equipment manufacturers and hyperscaler data centre operators) rely on specialised IP providers such as the Group for their connectivity IP needs.

Designing high-speed wired connectivity has historically been challenging due to the following factors:

- **Critical analogue and digital mixed-signal expertise.** Since connectivity functionality is based on physical transmission of bits, it has traditionally been the domain of analogue mixed-signal engineering. Analogue design differs significantly from purely digital techniques and requires specialised know-how that many integrated circuit designers do not possess at the highest levels of performance. In addition, analogue-only approaches do not scale as well as digital approaches in lower geometries such as 7nm, 5nm and eventually 3nm because of a limited performance and power consumption gain and more susceptibility to noise and disruption. A further challenge with analogue-only approaches is that there is a scarcity of global talent in high-end analogue design, which makes scaling design teams challenging and costly.
- **Sensitivity to outside conditions.** At higher transmission speeds, such as 112 gigabits per second, connectivity designers have to utilise advanced modulation schemes such as PAM-4 to incorporate more bits in a single channel. However, at these performance levels, traditional analogue-only solutions can become highly sensitive to process, voltage and temperature variation.
- **Longer time to market and design cycle.** Traditional analogue connectivity can generally take a longer time to bring to market as each analogue circuit is typically developed to target a unique application, with each development requiring tens of millions of dollars of investment and up to two years of development time to yield a robust, production-worthy design.

Semiconductor designers consider the following factors in their selection of wired connectivity IP blocks for their designs:

- **Performance:** Transmission speed per electrical wire or lane, typically measured in gigabits per second.
- **Power consumption:** The amount of power the wired connectivity IP block consumes, typically measured in milliwatts per unit of performance.
- **Footprint and ability to integrate:** Refers to the size of the circuit, as more efficiently designed wired connectivity IP blocks occupy a smaller area and fit better on customers' system-on-a-chip designs. In

addition, easy integration is key, as availability of designs in 7nm and 5nm technologies can be critical for monolithic integration into customers' circuitry.

- **Flexibility and faster time to market:** Semiconductor designers may require their connectivity interface to support a multitude of connectivity standards, such as Ethernet, PCI-Express ("PCIe") and many others. In addition, customers may value a faster time-to-market from design stage to delivery and connectivity IP blocks that are flexible and configurable can help to reduce time-to-market for semiconductor designers.

Strengths

The Directors believe the key strengths of the Company are as follows:

Market leadership through differentiated DSP-based architecture addressing diverse industry connectivity needs

Alphawave IP believes its high-speed connectivity IP solutions have a significant competitive advantage across its target end-markets. The Group's solutions have repeatedly set benchmarks in the industry in terms of performance, power consumption, footprint and flexibility by utilising DSP techniques and technical innovations to successfully compete with, and win designs against, larger and more established peers. Since its founding in 2017, Alphawave IP has established a reputation with global foundries and its broad customer base as a connectivity IP leader, in particular through its successful demonstration of high-speed connectivity solutions in the most advanced fabrication technologies ahead of competitors. These advanced fabrication technologies are provided by TSMC and Samsung, who together comprise the majority of global third-party fabrication capability at 7nm and beyond. Management believe that the Group was the first silicon IP vendor in the world to demonstrate functional silicon for its high-speed connectivity solutions at 7nm (2018), 6nm (2019) and 5nm (2020); and the Group is currently working with TSMC and Samsung at 4nm and 3nm. In 2020, the Group was recognised as Open Innovation Platform Partner of the Year for High Speed SerDes by TSMC.

Alphawave IP has leveraged its cutting-edge technologies in a market with rapidly growing demands for high-speed connectivity solutions. As data transmission speeds continue to increase, with end-market capability requirements growing to 112 gigabits per second and 224 gigabits per second, and as modulation schemes become more complex, system demands create process, voltage and temperature variations that expose shortcomings in traditional analogue connectivity designs. Alphawave IP's DSP-based approach harnesses the advantage of digital processing to overcome these limitations, utilising adaptive algorithms to predict changes as they occur, in ever-changing environmental conditions, to maintain top performance. This DSP approach utilises differentiated techniques in digital equalisation, forward error correction, sequence detection and other proprietary connectivity innovations, which enable end product solutions that were not previously possible using traditional analogue approaches. This DSP approach significantly benefits customers by providing high-speed connectivity solutions that consume less power, are more flexible and are easier/faster to integrate than solutions built with traditional analogue approaches. In addition, the Group's DSP-based approach is well suited for technologies requiring advanced manufacturing processes, particularly those in 7nm and 5nm geometries and beyond, as it is more manufacturable, reliable and scalable than solely analogue-based solutions.

Alphawave IP's DSP-based approach is also extremely flexible, built on core platform characteristics that can be configured for a wide variety of connectivity standards, data rates, end-markets and applications. Traditionally, industry participants would typically develop each individual connectivity IP solution to target a specific application. Under this approach, each new development could require tens of millions of dollars of investment and significant development time of up to two years to yield a robust, production-worthy design. Having identified this fundamental design limitation, the Group has developed a unified, configurable IP platform that supports multiple use cases depending on the customer's specific technology requirements. Utilising this chassis approach, Alphawave IP's unified, configurable IP platform supports five product families and nearly 60 connectivity products to address a broad range of customer use cases. Within these product families, Alphawave IP can rapidly configure its technologies by utilising software algorithms to define the target interface and optimise power and performance to meet specific target product criteria, providing each customer with the optimal solution for its specific needs. This design flexibility allows Alphawave IP to deliver targeted solutions rapidly, accelerating time-to-market for its customers.

Pure focus on high-speed connectivity

Alphawave IP's research and development, engineering and marketing activities are focused solely on high-speed connectivity IP solutions. The Directors believe this approach gives the Group an advantage over many

of its competitors, such as large engineering software suppliers (for whom connectivity IP generally comprises a small portion of their overall business), diversified semiconductor and design services providers (who have historically bundled their connectivity IP with their broader services) and competitors that focus on broad IP products outside of connectivity. Alphawave IP management believes that the Group is currently the only pure high-speed connectivity IP provider focused on transmission speeds of up to 112 gigabits per second and is currently developing 224 gigabits per second solutions.

In addition, Alphawave IP management believes that the Group's singular focus on connectivity IP gives it a strong advantage over the internal connectivity development teams at large semiconductor and system companies. This focus enables the Group to solve complex high-speed connectivity problems for its customers, supporting continued development of higher value and more innovative end products. As transmission requirements increase and advanced semiconductor manufacturing reaches 7nm and 5nm transistor geometries, Alphawave IP management believes that high-speed connectivity IP will continue to be cost-ineffective to develop for internal teams at large semiconductor and system companies, further establishing the Group's competitive advantages in the development of advanced wired connectivity IP solutions.

Deep relationships with Tier-1 global technology leaders

Alphawave IP has utilised its leading-edge and customer-centric development approach to build close relationships with its customers and foundry partners, such as TSMC and Samsung, allowing it to collaborate at the front-end of customers' design cycles and embed its technologies as part of the development stage of their next-generation products. These close relationships also provide the Group with enhanced visibility into customers' future requirements and foresight into industry trends, which drive its R&D activities and, as a result, its ability to support customers as leaders in their markets.

The Group's customer base includes various leading semiconductor suppliers and OEMs and an increasing number of hyperscale data centre operators who design their own hardware for internal purposes, including top tier global data centre compute, ethernet switching and solid-state drive providers globally as well as emerging leaders in AI, 5G and autonomous vehicle technologies. The Group's customers serve a broad range of diversified end-markets, and its connectivity IP products are incorporated in a variety of device applications in these markets, including switching products, processors, programmable logic products and application-specific integrated circuits. As at 31 December 2020, the Group's top three customers comprised approximately 47 per cent. of its cumulative bookings since its founding in 2017, with an additional 28 per cent. from the next three largest clients, as the Group continues to diversify its customer base.

The Group's strong reputation and established track record across a number of deep customer relationships has supported its ability to attain subsequent design wins with existing customers, often in a different end-market or application. For example, the Group's first deal with Samsung was in 2019 in 7nm and, as of 31 December 2020, the Group has five engagements with Samsung spanning 7nm and 5nm technologies. Another example of this successful strategy is at a major Tier-1 5G Wireless OEM in China. In this case, the Group achieved its first design win in 2020 and quickly followed with multiple additional contracts. These relationships stretch across a global customer base, with customers in North America, South Korea and China. Across its customer base, approximately 50 per cent. of design wins since its founding are from repeat customers.

In addition, Alphawave IP management believes that the Group's close relationships with leading large outsourced semiconductor foundries, TSMC and Samsung, allow it to reach a large number of end-customers who utilise these suppliers' 7nm and 5nm manufacturing technologies. The Group was recognised as Open Innovation Platform Partner of the Year for High-Speed SerDes by TSMC in 2020, shortly after joining the foundry's IP alliance programme in 2019. This highlights the customer success the Group has experienced with TSMC's 7nm and 5nm processes and establishes a strong platform for the Group's continued work with TSMC and Samsung on 3nm technologies and beyond.

Top industry talent, strong governance, and experienced leadership with extensive track record of execution

Alphawave IP's engineering-focused workforce, management team and experienced and diverse board of directors are critical to the Group's success in its marketplace.

The Group is led by a team of seasoned semiconductor and connectivity IP experts. The three co-founders, Tony Pialis, Jonathan Rogers and Raj Mahadevan, and its Executive Chairman, John Lofton Holt, have worked together for nearly 20 years and have an extensive track record of successfully building companies across multiple semiconductor markets. Across the founder and leadership team, this experience includes establishing semiconductor and hardware companies with a particular focus on connectivity IP, as well as public listing experience and a variety of critical senior engineering and operations roles at leading technology companies,

including at Intel and Gennum, raising and deploying over USD \$300 million across four semiconductor companies that have generated nearly USD \$3 billion in aggregate value since 2004. In addition, Alphawave IP management believes that the Group's diverse and experienced board of directors differentiate it from the competition. Alphawave IP's Directors have a broad array of experience running multi-billion dollar companies in the networking, semiconductors, telecommunications, computing and software markets and in the aggregate possess over 300 years of executive experience.

Alphawave IP management believes the engineering and design talent of its employees is critical to the Group's success. The Group's development capabilities include six engineers with PhDs and a number that hold other advanced science or engineering degrees. Alphawave IP's highly technical and experienced management team has created an engineering-focused culture that has enabled the Group to hire and retain some of the best engineering talent in wired connectivity IP, with research and development comprising over 75 per cent. of Alphawave IP's workforce, with an average of eight years' experience in the industry. In recognition of the Group's engineering focus and talent base, TSMC, the largest semiconductor manufacturing foundry in the world, recognised Alphawave IP as Open Innovation Platform Partner of the Year for High-Speed SerDes in 2020, validating the value that the Group brings to customers.

High-growth, high-margin and high-visibility financial profile

The Group has grown at a rapid pace since its inception and has established a track record of strong profitability and cash flow generation. From the year ended 31 May 2018 to the year ended 31 December 2020, the Group has grown its revenue at a compound annual growth rate ("CAGR") of 161 per cent. from 17 design wins, including 11 during the year ended 31 December 2020. In February 2021, the Group signed a USD \$54 million multi-year subscription agreement with VeriSilicon for the China market. Including through this deal, the business's growth has helped establish the Group's reputation and technology expertise among its existing customer base and supports its market reputation as it targets continued growth by winning new customers.

Alphawave IP's operating model, which utilises a unified, configurable DSP platform, supports high-margin returns across the business, including an EBITDA Margin of 53.9 per cent. during the year ended 31 December 2020, showing growth as compared to 37.6 per cent., 13.6 per cent. and 35.7 per cent. in the seven months ended 31 December 2019, the year ended 31 May 2019 and the year ended 31 May 2018, respectively. This approach utilises the Group's broad technological leadership and efficient cost base across its chassis model, enabling it to embed cutting-edge technologies across a number of solutions and to re-use common architecture for development of additional product families and products. In addition, by tailoring its IP licensing model and focusing primarily on connectivity IP solutions, the Group can focus on advanced design and development activities without the significant capex requirements of a traditional semiconductor company or the sales and marketing expenses associated with larger peers that operate across a higher number of product types. This focused approach allows the Group to invest in its personnel, which comprise its primary expense, and advanced research and development activities at the design stage, without the high overhead levels and other expenses associated with large-scale manufacturing activities incurred by a number of its competitors.

These factors, combined with the Group's limited working capital requirements and high margins, support its high cash conversion profile. There are two major contributing factors to the high EBITDA Margins for the Group. First, the Group is a key enabler of the semiconductor value chain to end-customers, but the Group does not participate in any manufacturing activities. Thus, unlike traditional semiconductor businesses with high-capex requirements, the Group has no manufacturing, fabrication, assembly, packaging or test costs. The Group's primary capex is currently office furniture and IT infrastructure to support design activities. The second reason for the Group's strong EBITDA Margin profile is the historic and continued focus on the highest-end solutions. By focusing on the high-end end-segment of connectivity IP, the Group's wired connectivity IP solutions command a scarcity value premium.

The Group's business model provides a high level of revenue visibility, driven by bookings (being the total value of projected licence fee, NRE, support and maintenance and royalties arising from customer contracts, whether or not yet recognised as revenue) and order backlog (being the expected value of contracted revenue, or bookings, that has yet to be recognised). The Group recorded bookings of USD \$75.0 million (USD \$51.9 million excluding estimated royalties) from contracts entered into during the year ended 31 December 2020 and revenue of USD \$32.8 million (\$44.2 million) for that year, highlighting the significant portion of 2020 bookings still to be recognised as revenue in 2021 and subsequent years. These types of relationships, under which the Group may benefit from a customer's use of Alphawave IP's connectivity IP over the lifetime of its use in the customer's product, have a number of benefits, including providing visibility on recurring future revenues over a prolonged period and more closely aligning the Group with its customers' needs through

their product innovation cycles. Continued use of the Group's wired connectivity IP solutions in networking chips, which tend to have longer product lifecycles than other more consumer-facing devices, is expected to support revenue visibility and longer-term royalty revenues in the coming years. As at 1 March 2021, the Group's unweighted sales pipeline of discussions with customers (which generally extends out by approximately 18 to 24 months) includes approximately USD \$170 million from cloud compute and data centre customers, USD \$96 million from data networking and optical customers, USD \$31 million from solid-state storage customers, USD \$23 million from 5G wireless customers and USD \$53 million from AI customers. The pipeline is expected to fluctuate from period to period, reflecting ordinary course changes as new potential projects emerge, other potential projects are accelerated, delayed or cancelled and as deals in the pipeline convert to signed contracts. The Group's weighted sales pipeline for the current financial year is USD \$78.7 million (as described in Part XII: "*Operating and Financial Review—Key Factors Affecting Alphawave IP's Financial Condition and Results of Operations*"). See Part III: "*Presentation of Information on the Group—Information Regarding Forward-Looking Statements*".

Strategy

The Group intends to build on its strengths to capture a disproportionate share of the large and growing global semiconductor silicon IP sector by pursuing the principal strategies described below:

Continue to enhance key technological expertise and maintain 112G leadership whilst establishing a top position in 224G

The Group has established itself as a leading supplier of high-speed connectivity IP solutions in a number of markets, with technology advances that place it at the cutting edge of wired connectivity IP solutions. It intends to maintain critical R&D investments in its technological expertise and continue enhancing its DSP-based architecture.

As performance, power consumption and footprint requirements continue to evolve at higher transmission speeds and more advanced manufacturing geometries, the Group's technology strategy targets continued advances in technical capabilities and growth in its product portfolio to maintain its leadership in high-speed connectivity IP. For example, to establish leadership at 224 gigabits per second solutions, the Group intends to invest in supporting more complex modulation schemes such as PAM4, NRZ and other advanced signalling protocols, and expects to further refine its foundational DSP-based and algorithmic approach. In addition, the Group expects to develop high-speed connectivity IP in 4nm and 3nm manufacturing technologies with its leading foundry partners.

Broaden the Group's product portfolio across end-markets and applications

Using its configurable DSP-based approach, Alphawave IP will continue tailoring its technology and service offering to the ever-evolving needs of next generation technology end-markets. As the Group continues to work closely with its customers and partners, Alphawave IP is developing new products servicing their specific evolving connectivity needs by leveraging its flexible technology, ongoing design and development activities and investment in specialist personnel. These targeted advances include increasing the number and type of wired connectivity IP product families and offerings, including both 224G interface IPs, as well as Die-Die interface IPs.

Expand from single IP blocks to complete connectivity solutions and chiplets

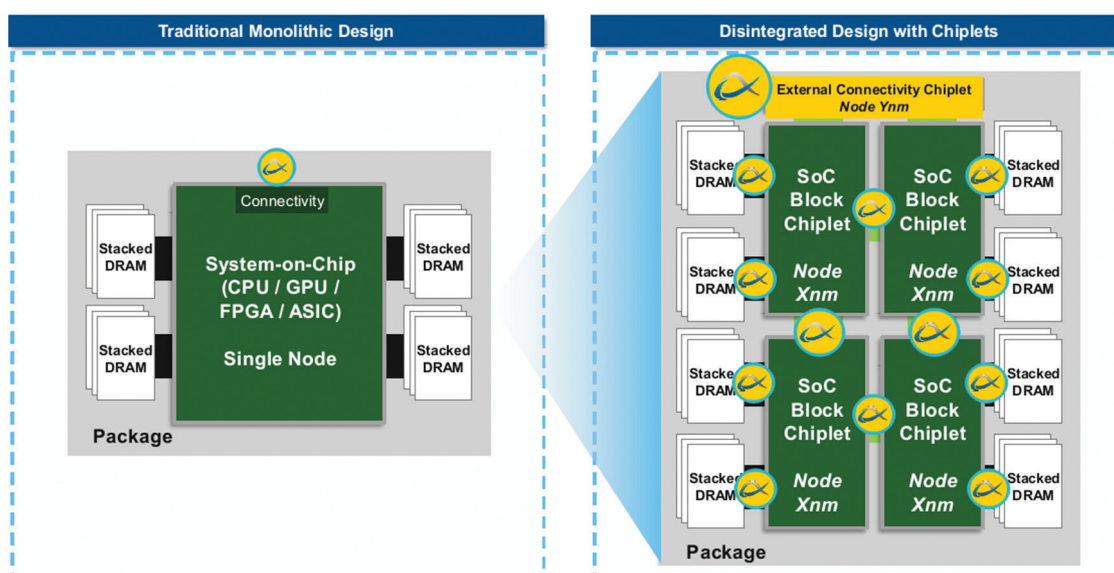
While today the Group provides licensable IP blocks to customers to incorporate into their semiconductor designs, the Group has broadened its solutions to licensing full connectivity IP solutions and will continue to explore the opportunity to expand into full chiplet products. The Group has historically focused its IP design and development activities on core IP solutions, which enable the customer's design process by providing IP blocks to integrate into the customer's end ASIC, SOC and standard product, with expansion into product IP solutions, which provide a richer set of functionality that represents the majority of the customer's complete product that they fabricate, market, brand and sell themselves. While one of the Group's core IP solutions typically comprises approximately 15 per cent. of a total customer solution and would correspond with a standard illustrative deal size exceeding USD \$5 million, a product IP solution will often comprise approximately 70 per cent. of the total customer solution and correspond with a standard illustrative deal size exceeding USD \$15 million.

The Group intends that its future customer solutions will increasingly target chiplet designs and, in the longer term, chiplet silicon devices. In cases where wired connectivity IP design comprises the core functionality of a

product, as opposed to being a single block, the Group may design the entire chip and license to a semiconductor customer who will then focus on marketing, manufacturing and selling the product to its customers. An example of such a product could be the Ethernet switchboard retimer, which maintains integrity of an electrical signal from the switch ASIC to the optical port.

In addition, the rise of the chiplet market is expected to create an opportunity for the Group to market and deliver full chiplet products whose core functionality is to act as a wired connectivity interface for SOC's to the outside world. As integrated circuits such as CPUs, GPUs, FPGAs and ASICs increase in complexity and size, the manufacturing process becomes economically limited and challenged by the physical limit of a single patterning device, or reticle, that helps imprint electronic circuitry on a silicon wafer. In addition, as the size of single transistor geometry continues to decrease in advanced nodes, currently to 5nm and eventually to 3nm and beyond, manufacturing larger chips that pack more transistors becomes less economical due to lower manufacturing yields and the necessity to design every function, including wired connectivity interface, in the same manufacturing node.

One of the techniques to address these challenges has been to break the larger integrated circuits into smaller modular pieces of silicon, or chiplets, that can be integrated together using die-to-die interfaces. This disaggregation of silicon presents an opportunity for the Group to provide its wired connectivity IP in chiplet form, either through licensing as silicon IP or potentially delivering the full unpackaged chiplet to the customer. This strategy enables customers to utilise chiplets in more mature geometries to minimise development costs, while maximising overall performance and focusing on their core competency. The below example shows an illustrative diagram of disaggregated chiplet design:



Alphawave IP estimates that the overall chiplet market for all semiconductors, including processors and connectivity, is set to grow from approximately USD \$3 billion in 2020 to USD \$50 billion in 2024, representing a CAGR of 98 per cent. Within this market, server-based and other applications that exclude desktop PCs, laptops and smartphones are expected to grow from approximately USD \$1 billion in 2020 to USD \$22 billion in 2024, representing a CAGR of 112 per cent. Wired connectivity chiplets are expected to represent a portion of this market.

Continue to execute multi-dimensional land-and-expand strategy with existing customers

Growing with existing customers is fundamental to Alphawave IP's current and future success. In addition to first-generation design wins with premier Tier-1 customers, the Group believes it is well placed to expand its footprint within its current customer base by winning new designs, penetrating other departments and adding more sockets and applications. In many cases, this is through close collaboration with customers to ensure the Group is providing demand-driven and leading-edge technological solutions. This repeat business is a cornerstone of the Group's growth strategy. Furthermore, following its established relationships with these initial Tier-1 customers, the Group is transitioning its business model to target an increased share of recurring revenue. This strategy includes the introduction of a subscription model for silicon IP. Rather than purchasing multiple, pay-as-you-go licences in a single year, the Group can offer unlimited access to all, or a subset, of its silicon IP portfolio, for a flat annual "subscription" fee, similar to the unlimited use model ARM introduced for

its architectural licences. The subscription model offers value to customers by ensuring a known, predictable research and development expense for semiconductor OEMs that has multiple tape-outs within a single year. It also creates increased cost pressure on large semiconductor OEMs that have traditionally developed their silicon IPs in-house, due to the significant cost outlay for competitors that fully develop in-house. By starting with a larger, multi-year contracted revenue base, Alphawave IP management believes the silicon IP subscription model will offer predictable bookings, revenues and royalty streams off which the Group can sustainably grow its business while incentivising longer term commitments and deepening its relationships with customers across a growing range of each customer's products. As a result, the Group is not just innovating wired connectivity IP technology, but also its approach to expanding its technology adoption across the industry.

Diversify the business model

Under the Group's current model, a deal will typically provide NRE revenue, licensing revenue, support and maintenance revenue and royalty revenue. As part of its growth strategy and supported by its development and scaling success to date, the Group aims to continue growing the role that royalties play in its customer contracts. The Group typically structures these royalty arrangements on a bespoke basis to meet the customer's own planning, product-mix, budgetary and other considerations. These royalty arrangements build upon the conventional subscription revenue model to provide the Group with significant financial up-side as its technologies become increasingly embedded in products produced by a number of leading global technology companies. The Group's ability to continue offering increasingly complex and innovative wired connectivity solutions, in particular as it targets growth in its chiplet offering, is expected to enable it to increase the royalty component of future licensing arrangements.

Continue to attract and acquire new customers

The Group aims to continue adding new Tier-1 customers by leveraging its differentiated DSP platform to meet their needs for increasingly advanced connectivity IP solutions. The Group is focused on developing a strong sales pipeline with large, global customers at the leading edge of modern technology, including network equipment OEMs, compute solution providers and hyperscalers. Alphawave IP management believes that the Group has a strong sales team that does not require significant incremental headcount in order to achieve the Group's targeted growth objectives. The configurability of the Group's wired connectivity IP solutions can be utilised for a wide variety of applications, which management believes can continue to drive strong demand in the marketplace with customers looking to upgrade from traditional analogue or lower power and performance alternatives. The Group intends to continue to collaborate with TSMC and Samsung on 3nm and beyond and leverage these foundry relationships, ensuring that customers can seamlessly utilise Alphawave IP's connectivity IP solutions into their semiconductor designs.

Expand the Group's global operational footprint

The Group is focused on three operational initiatives to bolster its global product capabilities and customer reach:

- Addressing adjacent IP blocks through the build-out of its UK design team, which will be enabled by its planned R&D headquarters in Cambridge, and the potential acquisition of design teams or key technologies.
- Expanding its reseller agreement and partnership with VeriSilicon to drive further success in China.
- Building on existing China success through its Product Partnership with Wise Road Capital and potential investment in leading-edge semiconductor devices in the Asia-Pacific region.

The Group believes that the United Kingdom offers an attractive location to replicate its successful engineering development model as it targets its next stage of growth across its design and development activities. Within key markets, the United Kingdom boasts world leading silicon IP providers, such as ARM and Imagination, and leading fabless semiconductor device vendors, such as CSR and Dialog, and it allows the Group to continue developing its global offering, including serving customers in both the United States and China. The United Kingdom also offers world leading university programmes in electrical and computer engineering. In addition, the United Kingdom has significantly lower levels of competition for graduating engineering talent than Silicon Valley, which results in lower staffing costs, allowing the Group to replicate the personnel model it has utilised in Toronto, Canada since its founding in 2017.

In addition to organic growth, the Group can acquire the additional functionality required for new wired connectivity IPs through inorganic sub-licensing, partnerships or merger and acquisition activity. Alphawave IP management has commenced steps to identify design teams in Canada and the United Kingdom with complementary capabilities, and the ability to supplement the Group's existing design activities, to support acceleration of the Group's product development plans in the future.

The Group's engineering development model utilises experienced designers in the field and complements them with newly graduated university students, who are trained in the Group's design approaches. Toronto, Canada has delivered a thriving ecosystem of seasoned industry experts, coupled with a robust pipeline of university graduates. The Toronto technology talent pool was ranked fourth in North America by the CBRE 2020 Scoring Tech Talent report. In the same report, it also noted that average tech talent salaries are approximately 40 per cent. lower in Toronto than in the California Bay Area.

A key component of the Group's strategy is to further build its global technology offering, including through continued focus on deploying its presence in China and the broader Asia-Pacific region. This multi-step strategy includes (i) growing technology awareness, (ii) building on established channel partnerships and (iii) establishing onshore capabilities to better support Chinese and Asia-Pacific region customers. Since its foundation, the Group has aimed to build a global customer base, including through direct and indirect sales and marketing activities in China to raise awareness about the Group's technologies and capabilities. Following early and sustained success in establishing its reputation and creating significant interest from channel partners, the Group has established a close relationship with VeriSilicon, the largest ASIC company in China, as the exclusive reseller for the Group's IP solutions in China. The Group and VeriSilicon signed an initial reseller agreement in 2020, which it expanded to include a minimum subscription licence commitment from VeriSilicon as part of a renewal in early 2021. The Group is accelerating its China penetration strategy by establishing a product partnership with Wise Road Capital, under which Wise Road Capital will have a subscription agreement to license certain of the Group's IP solutions, with an option to increase the scope to include certain of the Group's advanced IP technologies, and royalty fee arrangements on all shipped products incorporating the Group's IP. The Group will aim to grow this partnership in the future through further investment alongside Wise Road Capital in onshore capabilities, including the development or acquisition of production capacity to build communications semiconductor products with the Group's IP, as described in "*Business Model—Product Partnership*" in this Part X. This partnership strategy supports the Group's aim to establish a trusted, leading onshore Chinese digital communications semiconductor supplier that can leverage the Group's leading turnkey IP technologies and its continued advances in wired connectivity IP design and development to manufacture standalone semiconductors for various applications, driving high-volume, high-margin growth and significantly expanding royalty streams.

History

The founders of the Group have worked together for nearly 20 years across numerous global wired connectivity IP and semiconductor OEMs, including Intel and Gennum, in the United States and Canada. After the Group was founded in 2017, Alphawave IP brought together the management team and scaled quickly while securing lead customers for the Group's first 112G silicon IP in TSMC 7nm, leading to profitability in 2018 off the back of two design wins utilising this technology. The licensing contracts with these early customers, combined with paid in capital by the founders, funded the Company to profitability without seeking any other external capital sources.

Between 2017 and 2019, Alphawave IP expanded and diversified its customer base while driving key partnerships with TSMC and achieving its first design win with Samsung in early 2019. Alphawave IP continued to target growth in its customer base, new customers globally and across a number of end-markets. As of 31 March 2021, the Company has 14 customers, including multiple design wins with a number of key customers, and achieved USD \$75.0 million of bookings from contracts entered into during the year ended 31 December 2020 (USD \$51.9 million excluding estimated royalties), and bookings of USD \$82.2 million (USD \$74.3 million excluding estimated royalties) from contracts entered into during the three months ended 31 March 2021.

Today, Alphawave IP has established its position as a key provider in the semiconductor value chain. Any customer building a custom semiconductor device needs four fundamental elements: silicon IP blocks, design tools, an outsourced foundry and a packaging/test supply chain. Alphawave IP provides silicon IP blocks focused on connectivity. Once Alphawave IP provides these blocks, customers then use design tools from companies like Cadence and Synopsys to build and stitch their chip together with blocks from other IP providers. The customer then sends their design to a foundry, like Samsung or TSMC, to fabricate the chips. Then, the chip is tested and packaged by back-end supply chain partners.

Products and Solutions

The Group's industry-leading, unified DSP-based platform enables it to provide customers with proven solutions to the world's most complex connectivity problems. This platform currently supports five product families, which comprise a total of nearly 60 products, allowing the Group to tailor wired connectivity solutions that can be optimised for each customer's specific market, in order to meet its precise design needs.

The Group delivers its technology through three distinct delivery models. These delivery models are additive and evolutionary, providing customers with three distinct ways to integrate the Group's technology.

1. **Connectivity IPs**, which are individual silicon IP building blocks that customers license and integrate into the design of their chip;
2. **Integrated Product IPs**, which are complete designs for products that can be licensed by customers and either customised further or manufactured as-is; and
3. **Chiplet IPs**, which are small form factor IPs that are licensed to customers to fabricate and integrate with other chiplets in a system-in-package.

As described in "*Strategy — Expand from single IP blocks to complete connectivity solutions and chiplets*", the rise of the chiplet market is expected to create an opportunity for the Group to market and deliver full chiplet products in the coming years.

The following graphic shows the form factor utilised for each of these delivery models, which provide customers with successfully higher levels of integration to match their design needs. In all three models, the Group utilises a licensing-based business model today, to preserve its low capex financial model and maintain high gross margins and EBITDA Margins.



All product form factors leverage Alphawave IP's connectivity IP technologies, but permit customers to select the specific integration level required. This flexible approach allows the Group to leverage its cutting-edge technologies across multiple formats to meet different levels of customer needs, expanding its addressable markets and ultimately increasing the value delivered to customers.

IP Type	IP Description	Nodes Supported	Total Number of Configuration Options
ZeusCORE100 – MLSE	– XLR – FFE/DFE/MLSE	TSMC 7nm	3
ZeusCORE100 – MLSE	– XLR – FFE/DFE/MLSE	TSMC 5nm SMS 5nm	6
AlphaCORE100 – FFE/DFE	– Built for high lane count integration	TSMC 7nm	3
AlphaCORE100 – FFE/DFE	– Built for high lane count integration	TSMC 5nm SMS 5nm	6
AlphaCORE64 – FFE/DFE	– Optimised for rates 64Gbps and below	TSMC 7nm	3
AlphaCORE64 – FFE/DFE	– Optimised for rates 64Gbps and below	TSMC 5nm SMS 5nm	6
– Add on PCIe to AlphaCore 100 (PCS)	– Soft PCS layer add-on to ZeusCORE or AlphaCORE	TSMC 7nm	3
PipeCORE – PCIe5 PHY	– PCI-Express Gen5 PHY	TSMC 7nm	2
PipeCORE – PCIe5 PHY	– PCI-Express Gen5 PHY	TSMC 5nm SMS 5nm	4

IP Type	IP Description	Nodes Supported	Total Number of Configuration Options
ApolloCORE – Medium Reach / Optical	– Medium reach PHY optimised for Medium Reach and optical applications	TSMC 7nm	2
ApolloCORE – Medium Reach / Optical	– Medium reach PHY optimised for Medium Reach and optical applications	TSMC 5nm SMS 5nm	4
DieCORE – XSR PHY	– XSR PHY optimised for D2D interfaces	TSMC 7nm	6
DieCORE – XSR PHY	– XSR PHY optimised for D2D interfaces	TSMC 5nm SMS 5nm	4
HexaCORE 1600 Retimer Core	– Retimer IP Subsystem	TSMC 7nm	2
HexaCORE 1600 Retimer Core	– Retimer IP Subsystem	TSMC 5nm SMS 5nm	4

The Group's DSP Family of Connectivity IP Cores

The Group offers an industry-leading portfolio of multi-standard, connectivity IP. The Group's wired connectivity IP supports the widest range of data rates from 1Gbps to 112Gbps and soon up to 224Gbps. Multiple signalling schemes are supported, such as pulse amplitude modulations (PAM2 (aka NRZ), PAM4, PAM6 and PAM8), which are used in over 30 different industry protocols/standards.

Each of the wired connectivity IPs in our portfolio share the same foundational features:

- **High speed A/D and analogue front-end:** high speed A/D architecture that has configurability for both the A/D sampling rate, as well as the A/D resolution.
- **Sub-sampling clock multiplier:** DSP-based, wide tuning, sub-sampling clock multiplier that can track over 5000ppm of error for both scrambled and 8B/10B encoded data.
- **DSP Equalisation:** Designed for the most challenging systems, the DSP-based receiver equalisation can recover corrupted data.
- **Master controller:** Combination of firmware training with hardware accelerators to provide full flexibility with minimum power state transition times. It also includes significant testability, such as non-destructive, in service link monitoring.

ZeusCORE100: ZeusCORE100 is the Group's extra-long reach (XLR) connectivity IP. This is the highest performance DSP engine the Group offers today. The key differentiating feature of the ZeusCORE100 is the addition of a most-likely sequence detector (MLSD). The MLSD significantly extends the channel reach performance. This extends the system solution space for customers with the most challenging channels. The ZeusCORE100 is targeted to data networking applications.

AlphaCORE100: The AlphaCORE100 Long-Reach (LR) IP is a high-performance, low-power, DSP-based silicon IP interface or Physical Interface (PHY). The unique differentiator of the AlphaCORE100 LR PHY is in its register configurable DSP architecture. The AlphaCORE100 master controller uses complex signal processing techniques to recover the signal, while optimising both power and latency. The AlphaCORE100 is targeted to AI and 5G base station applications.

ApolloCORE100: The ApolloCORE100 Medium-Reach (MR) IP is optimised for optical communications and shorter electrical channels. Management believes the ApolloCORE100 is the world's lowest power DSP based PHY. This makes it extremely attractive for optical communications within data centres.

PipeCORE64: The Group's PipeCORE64 PHY IP is a high-performance, low-power, PCIe Gen1 (2.5Gbps)—Gen6 (64Gbps) and Compute Express Link ("CXL") PHY used for processor interfaces. The PipeCORE64 is power and performance optimised for the challenges of PCIe and is targeted to deliver very high bandwidth for the next generation of computing and storage interfaces.

AthenaCORE200: The Group’s next generation of connectivity IP will support up to 224Gbps data rates. The AthenaCORE200 leverages the foundational building blocks of the DSP architecture to double the data rate by employing enhanced modulation schemes to double connectivity bandwidths in data centres, without increasing power consumption.

DieCORE100: DieCORE100 is a 112Gbps D2D PHY that employs a low noise, high speed, analogue front end that delivers performance and configurability to support both PAM4 and NRZ signalling. The DieCORE100 operates at sub-mW/Gbps power consumption, while still providing robust equalisation for chiplet interfaces. The DieCORE100 enables low cost packaging on an organic substrate to utilise chiplet technologies.

AresCORE: AresCore is a parallel interface operating single ended from 2-16Gbps. Leading in sub mw/Gbps power, area and latency, the AresCORE is ideal for short reach D2D interfaces on SIP where high density packaging is available.

Turnkey, Integrated Product IP Cores

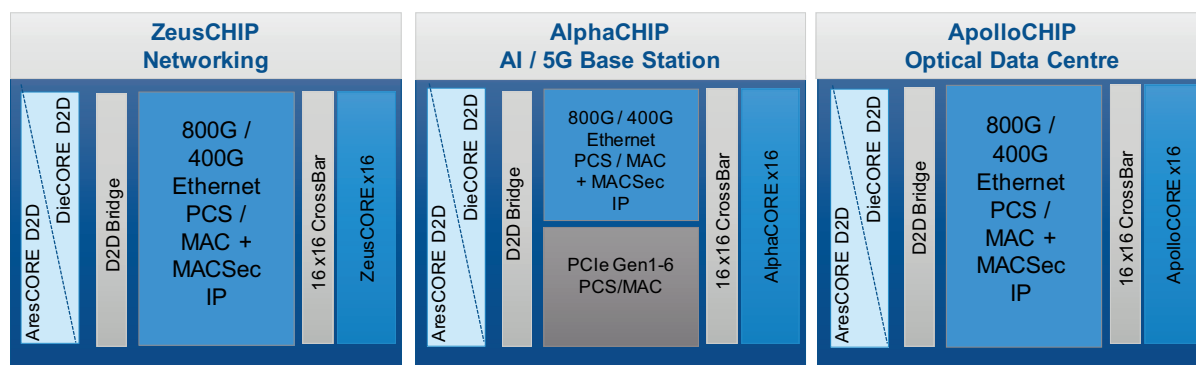
The Group’s integrated product IPs enable customers with semi-customisable full product solutions. The Group delivers product IP solutions for 100G retimer products that act as a “repeater” in a connectivity channel, products transitioning to 100G rates, as well as gearboxes that enable interfaces between old and new infrastructure. Optical retimers enable the interface between optical and electrical infrastructure. Electrical retimers enable customers to meet the challenges of channel losses at higher data rates by providing a bridge between chips that are not physically able to be closer.

OctalCORE800: An 8 channel IP with Ethernet PCS and crossbar targeting optical modules. It supports all combinations of 800GE, 400GE, 200GE and 100GE.

HexaCORE1600: Contains 16 channels of industry leading 1-112Gbps multi-standard DSP PHY. Supports all combinations of 800GE, 400GE, 200GE, 100GE, including 400GAUI-16.

Chiplet IP Cores

The Group’s family of chiplet silicon IP products builds upon its industry leading wired connectivity IP portfolio of technologies and integrates them into a chiplet form factor. The following table sets out the Group’s initial chiplet wired connectivity IP products and component IPs, namely ZeusCHIP, AlphaCHIP and ApolloCHIP. These initial chiplet designs are based on customer-driven product IPs that are now being commercialised in a chiplet form factor. The following diagram shows the Group’s chiplet-based IP products:



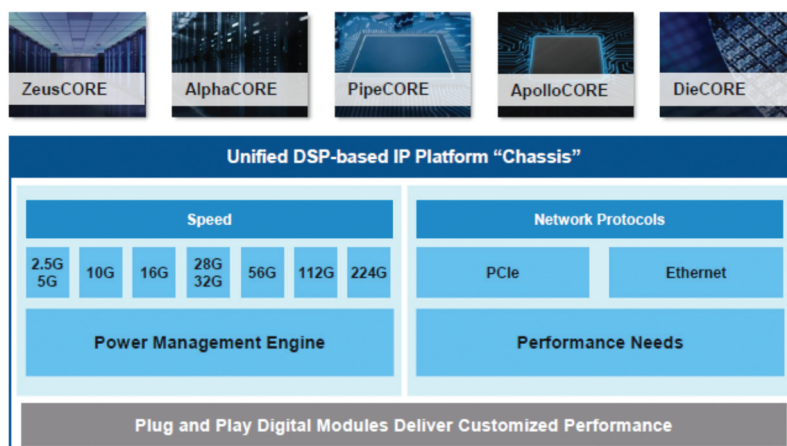
ZeusCHIP: Contains the industry leading DieCORE100 or AresCORE D2D interface and can be matched with AthenaCORE200 or ZeusCORE100 to meet the needs of top-of rack networking interconnects.

AlphaCHIP: Contains the industry leading DieCORE100 or AresCORE D2D interface and is paired with the AlphaCORE100 or ZeusCORE100 to deliver flexibility for switching, base station or AI applications.

ApolloCHIP: Contains the industry leading DieCORE100 or AresCORE D2D interface and is paired with the ultra-low power ApolloCORE100 DSP PHY to deliver high performance for optical and medium reach electrical interfaces.

DSP-based chassis model

The Group built its first products in 2017, with the support of lead customers with the need for high-speed connectivity. In architecting these first products, the Group did not just focus on building a single product, but a configurable DSP-based “chassis” from which multiple future products could be quickly developed and deployed. This chassis represents a unified architecture that is the foundation of all of the Group’s products, as shown below.



The Group’s approach utilises a common DSP engine and analogue front-end and product interface to permit configurable options depending on the specific device needs, including speed (2.5Gbps—112Gbps), network protocol (Ethernet, PCIe), number of pins/channels, power consumption, performance/reach, footprint/size and API libraries. As a result, this unified DSP-based chassis solution has enabled the Group to build five distinct product families between 2018 and 2020, representing nearly 60 unique products, from its small but scalable design team. As the Group expands, it will continue to leverage this chassis-based approach to maintain and expand leadership over competitors, who typically focus more on “ground-up” development for most of their products.

Business Model

The Group’s licensing arrangements utilise an established model in IP markets. This approach is similar to the models that have historically been used by silicon IP leaders like ARM, Imagination, Rambus, Cadence, CEVA, Synopsys and many others. The way that the Group leverages this business model is innovative and bespoke, based on product mix, customer needs and the ultimate complexity of the product that is delivered to customers.

Technology licensing model

In all cases, customers pay a licence fee to license products from the Group, whether for a single use, multiple uses or on a subscription basis. A customer’s fee arrangement will typically include the following components:

- **Licensing fee:** subscription licence fees are typically paid by customers that require access to a portfolio of products, or multiple products, on a single manufacturing technology over a longer period of time.
- **Support and maintenance:** in all cases, customers also pay for support and maintenance to ensure that the Group can provide them assistance as they integrate the Group’s products into their end products, and as customers take their products to production.
- **NRE:** in addition to the licensing fee and support and maintenance, many customers pay non-recurring engineering (NRE) fees so the Group can configure its existing products to meet a specific customer need.
- **Royalties:** bespoke arrangements with payment levels typically tied to the customer’s production of its chips incorporating the Group’s wired connectivity IP.

The two basic fee components of this model—licence fees and support/maintenance fees—are common across the Group’s customer arrangements. In addition, NRE charges were common earlier in the lifecycle of the Group’s business and ranged from USD \$250,000 to USD \$5 million per arrangement. As the Group has developed a larger portfolio of products, the number and level of NRE charges has reduced. In 2020, 75 per cent. of contracts were for NRE or had an NRE component, compared with 80 per cent. in 2019.

Royalties do not typically begin until the customer has completed design, manufacturing and testing of its end product and then commenced shipping their product in high volumes. In most cases, this is at least 18 to 24 months from the time of the original design win and entry into a licence agreement.

As a result, the Group's revenue from a particular customer agreement is initially closely linked to the licence fee (typically over four to eight quarters per IFRS) and any NRE revenues, and it is, over the longer term, significantly dependent on the customer's utilisation of the specific IP solution, which influences the royalty revenue over the life of the agreement.

Innovation in royalty arrangements

As the Group has matured and broadened its customer base, it has built upon the licensing business model in two key ways.

First, starting in 2018, the Group began to charge customers royalties. These royalty structures are diverse and bespoke, depending on the needs of the customer, the product mix, the customer's preferences and the ultimate complexity of the product that is delivered to the customer. For example, some customers prefer paying a simple royalty to the Group on a per-chip-shipped basis, typically as a fixed fee per chip (for example, \$2.00) or on a percentage of average sales price (ASP). Other customers prefer to pay a prepaid royalty, which can either be capped or uncapped. Some customers prefer to pay a larger royalty that is a percentage of total revenue, in return for a lower licensing fee. The Group works closely with customers to understand their business and to structure a royalty model for customers that is a win-win for both companies. As a result, 25 per cent. of the customer contracts that the Group signed in 2020 provided for some kind of royalty, and the Group is targeting that a majority of its customer contracts going forward will contain royalty arrangements.

The second way that the Group has adapted this business model is to change the consideration mix (NRE, licence fee, support and maintenance, royalty) based on the complexity of the product licensed. For instance, for single-core building block licences, the NRE, licence fee, and support and maintenance charges are the most significant components of the customer cost structure. For product IP licences, the NRE and licence fee is lower, but the royalty components are much larger. For chiplet IP licences, the Group anticipates that the business model will further evolve with a higher royalty and also higher NRE and licence fees.

This royalty-focused approach also aligns with the Group's customer base and, in particular, its significant exposure to technology infrastructure providers, such as networking companies, data centre providers and wireless infrastructure providers. These types of customers typically ship products in production for up to a decade, unlike consumer electronics manufacturers, whose products tend to have shorter product lifecycles. Once a customer has embedded one of the Group's IP solutions into a product, these longer-term customer product lifecycles have the potential to drive the Group's royalty revenues over a significant period of time.

Product Partnership

In March 2021, the Group entered into a non-binding term sheet with Wise Road Capital, a Beijing-headquartered global private equity firm, in relation to the Product Partnership. Pursuant to the Product Partnership, the parties have entered into a series of agreements to better enable the Group to serve existing and targeted customers in the Asia-Pacific region, in particular China, Hong Kong and Macau.

The Product Partnership strategy aims to build upon the Group's pre-developed, turnkey IP solutions for existing and targeted customers in the region, and to provide for future investment in the development or acquisition of IP development and customer licensing and sales capabilities. Implementation of the Product Partnership envisions entry into four agreements—the Framework Agreement (FA), the Subscription License Agreement (SLA), a master IP reseller agreement (the “**Master IP Reseller Agreement**” or “**MIPRA**”) and a variation agreement to the Group's re-seller agreement with VeriSilicon (the “**VAR Variation Agreement**” or “**VARVA**”). On 24 April 2021, the Group entered into the first two of these agreements, the FA and the SLA, to begin the process of establishing the Product Partnership.

As part of the Product Partnership, the Group and Wise Road Capital have entered into a FA that sets out their plans to collaborate on the design and sale of semiconductor products through the formation of the Product Partnership Company, a fabless integrated design and intellectual property licensing company. Pursuant to the terms of the FA, Alphawave IP has committed to contribute up to USD \$170 million to the operations of the Product Partnership, and Wise Road Capital has committed to contribute up to USD \$230 million, on a *pro rata* basis. The Group anticipates that future investment would aim to leverage the Group's IP solutions while establishing onshore design capabilities and undertaking R&D activity, including by building on the Group's

existing IP solutions and future design capabilities, to broaden the Group's product portfolio, grow its chiplet offering, diversify its business model and expand its global operating footprint.

As part of the Product Partnership, the Group and Wise Road Capital have also entered into the SLA. Under this agreement, the Group will license specified IP solutions, as set out in the SLA, to the Product Partnership on a non-exclusive, worldwide basis, for a five-year term, for a subscription fee of USD \$109 million (payable in instalments over that period (as set out in paragraph 13.5.2 of Part XIX: "*Additional Information*"), with an option for Wise Road Capital to increase the licence scope to include certain of the Group's advanced IP technologies for an additional USD \$105 million payable over the same period) and a 3 per cent. royalty fee on all shipped products incorporating the Group's IP. The aim of this approach is to leverage the depth of its existing experience and relationships in the Asia-Pacific region while creating an onshore platform alongside Wise Road Capital to reach customers in China through a similar licensing model as used with customers globally. The SLA includes an option for the Product Partnership Company, at the end of the five-year term, to extend access to IP subject to the SLA for an additional 10-year period. Pursuant to the SLA, Alphawave IP and its affiliates are expressly prohibited from selling integrated circuit devices containing the IP Cores in the Territory.

In addition to these agreements, the Group and Wise Road Capital have committed to enter into the MIPRA and VARVA to permit co-ordination of customer licensing arrangements between Alphawave IP, the Product Partnership Company and VeriSilicon. These agreements are expected to be executed in the second quarter of 2021, alongside the steps set out in the FA and the SLA, to complete the establishment of the Product Partnership.

See Part II: "*Risk Factors — The Group is subject to risks associated with the Product Partnership*".

Product Development Methodology

The Group has developed a flexible product development methodology that enables it to adjust to future market trends, as well as quickly deliver high-value customisation to existing customer needs. The unified DSP-based chassis is the foundation of this model, by requiring slight customisations to deliver fully optimised, derivative solutions. At the centre of the development methodology, is the Group's high-end research and development team, managed by Jonathan Rogers. Within the research and development organisation, cross-functional teams are assembled to execute three different programme types:

- **Research and Development:** Development efforts (that last approximately eight quarters in duration) that involve developing new architectures to solve novel interface challenges (e.g. 200G development is a research and development programme). These programmes are cost-intensive but fuel the Group's future earnings when licensed across a broad range of customers. The costs are typically completely offset by customer NRE payments.
- **Migration Developments:** Moderate size engineering efforts (that last approximately six quarters in duration) that focus on moving existing silicon IPs to the next silicon process node (e.g. migrating the AlphaCORE100 to TSMC 3nm). These programmes maintain the Group's technology leadership, by ensuring its silicon IP portfolio is available in leading edge technologies. These developments are also typically funded by customer NRE payments.
- **Derivative Developments:** Minor engineering efforts (that last approximately two quarters in duration), that implement configuration customisations on existing silicon IPs (e.g. changing the orientation or channel count of an IP). These programmes are highly profitable due to nearly 100 per cent. IP reuse. As a result, customers rarely pay NRE charges for these developments but the licence fees they pay are very high margin.

Separately, the Group's technical marketing organisation works closely with customers, industry standards bodies and market research to determine where to invest the efforts of its cross-functional engineering teams. Due to decades of institutional knowledge in this space and through close collaboration with its Tier-1 customer base, the Group believes that it has been successful in forecasting market trends. The Group's marketing organisation is also actively participating in driving the next generation of interface standards for both IEEE and PCIe.

Sales, Marketing and Customer Support

The Group's sales capabilities provide worldwide coverage by utilising direct customer sales and independent sales representatives, including offices in the United Kingdom, Canada and the United States and

representatives in Asia, Europe and Israel. The direct sales team reports into senior management, working closely alongside development activities to provide tailored support to customer needs.

During the presales phase, the Group's engineers work with customers to establish the Group's technology leadership via performance, power and area efficiency metrics. The Group's application engineers also support and demonstrate hardware prototypes with customers, so they can benchmark the Group's technology. The typical sales cycles require two to three quarters to complete technical diligence and commercial negotiations with a new customer prior to entry into a new agreement. However, for repeat business with an existing customer, this process typically requires less than one quarter.

The Group's technical marketing organisation is responsible for driving next generation products, supporting technical sales and growing brand awareness. Public relations activities include creating technology awareness and understanding online through the Group's website, videos and trade shows in partnership with external public relations agencies. Also, the Group actively participates in industry standard bodies such as IEEE 802.3, OIF, and PCIe SIG to promote adoption of the Group's technology for future industry standards.

The Group provides customers with a comprehensive support model during both the design and manufacturing phases of their product's life cycles. Each customer has a dedicated programme lead contact at the Company that guides the virtual joint team throughout all phases of product development. A sophisticated issue tracking and ticketing system is used by the Group in conjunction with weekly team synchronisation meetings. In addition, the Group provides customers with test software to enable their platforms with the solutions that reduce time-to-market for their end products.

Customers

The Group currently targets IP products directly to major semiconductor OEMs and ASIC providers in the United States, China, Europe and South Korea. It spans the key end-markets of data centres, AI, 5G wireless infrastructure, data networking, autonomous vehicles and solid-state storage. The Group has 14 customers globally, and measured as at 31 December 2020 no single end customer exceeded 20 per cent. of the Group's cumulative bookings.

Research and Development

The Group is a technology company and believes that its future success depends on its ability to rapidly develop and introduce differentiated new products. As a result, the Group is committed to investing into its product development capabilities. The Group focuses its engineering efforts on designing and introducing new technology platforms and application specific derivative IPs based on its DSP IP technology. The Group has also developed deep design expertise in building high speed analogue circuitry in cutting-edge semiconductor process technologies. The Group has developed proprietary innovations and intellectual property that has enabled its technology lead in the market.

The Group believes it anticipated the technology inflection point enabling inter-chip communications systems to efficiently move to DSP-based equalisation to meet the challenges of the 112Gbs+ rates. The Group uses this DSP-based approach to provide products to market that exceed prior generation analogue offerings' performance while continuing to improve on their power and area efficiency. The Group has developed a highly differentiated clocking capability that allows it to address a continuous range of data rates from 1-112Gbs, including the very different requirements of PCIe and Ethernet standards. The Group has developed a DSP technology platform to allow for rapid customisation to meet varying application and customer practice requirements. Customisations include a DSP based transceiver with configurable power/area vs. reach and front-end customisations allowing trade-off between performance and power.

The Group has differentiating expertise in all sub-fields required to create market leading DSP transceiver designs. Many of these disciplines are very different from what is required to build traditional analogue transceivers resulting in a significant barrier to entry for legacy competitors. These include:

- The circuit design of high-performance time-interleaved analogue to digital converters.
- Detailed system modelling of mixed signal DSP transceivers including silicon correlation.
- Design of wide-band highly linear, low noise analogue front ends.
- Clocking and advanced highly digital synthesiser architecture.
- Design of power efficient block DSP for wireline applications.
- Design and architecture of DSP based clock recovery loops.

- Analogue layout optimisation for performance and reliability at very high data rates.
- Design of power efficient highly linear transmit drivers.
- Design of blindly adaptive wireline receivers.

Due to the need for device interoperability, the connectivity IP space is largely driven by standards development. The research and development team is strongly focused on engaging early in the standards process to develop prototypes that are aligned with standard development. This strategy allows the Group to have early demonstration vehicles in place to demonstrate technology value. The Group believes its platform flexibility allows it to efficiently incorporate updates ahead of standards ratification, to provide compliant solutions for customers' products.

The Group's team of highly skilled engineers has extensive semiconductor design experience, including expertise in systems architecture, analogue design, custom analogue layout, digital design, digital verification, digital backend, design automation, firmware and lab validation. As of 31 December 2020, the Group had 56 employees dedicated to research and development, primarily in the Greater Toronto Area ("GTA") in Canada. It has drawn experienced employees from the considerable analogue/mixed-signal talent pool in the GTA, which is largely composed of companies that were previously started by the Group's founding management team. Toronto was ranked fourth in North America by the CBRE 2020 Scoring Tech Talent report for technology companies. In the same report, it noted that average tech talent salaries are approximately 40 per cent. lower in Toronto than in the California Bay Area. Additionally, from 2015 to 2019, the Toronto area added more than 66,000 technology jobs, including a net "Brain Gain" of more than 42,000. This is second only to the California Bay Area in North America. The talent pool is further underpinned by the proximity of world-class electrical and computer engineering undergraduate and graduate programmes at the University of Toronto and the University of Waterloo. As the Group continues to scale, it intends to replicate this success in team building in the United Kingdom. For less differentiated development activities, the Group aims to supplement its capacity by leveraging service providers in a variety of low-cost geographies.

The Group has also made significant investments in its core engineering capabilities, including improvements in tools and flows to support greater engineering efficiency, full system modelling, electro-magnetic modelling, detailed analogue/digital verification and automated lab testing. The Group believes that these improved tools enable it to predict the performance of its designs more accurately, resulting in improved time-to-market for its products.

The Group's focus on exceeding stringent connectivity performance and reliability requirements is fundamental to the research and development process. The Group aims to continue making research and development investments, in order to enhance its technical leadership position via innovative, high-quality products and services.

Material Operating Locations

The Group does not manufacture and only licenses intellectual property. As such, the Group only leases commercial office spaces for its employees and contractors. As of 31 December 2020, the Company had the following material operating locations:

- 70 University Avenue, Suite 1000, Toronto, Ontario, Canada
- 170 University Avenue, Suite 1001, Toronto, Ontario, Canada

Employees

As of 31 December 2020, the Group employed 72 full-time employees, including 56 in research and development, 3 in sales and marketing and 13 in operations (31 December 2019: 43, 35, 2 and 6, respectively; 31 December 2018: 28, 24, nil and 4, respectively). As at 31 December 2020, the Group's employees were primarily located at its premises in Toronto, in addition to 4 located in the United States. The Group has never experienced a labour-related work stoppage. None of the Group's employees are either represented by a labour union or subject to a collective bargaining agreement.

Insurance

The Group has secured insurance policies it considers appropriate for the industry, such as, but not limited to, commercial property and general liability insurance, professional liability insurance, directors and officer's liability insurance, and errors and omissions liability insurance.

Legal Proceedings and Investigations

There are no current, nor have there been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or of which the Group is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the Company's or the Group's financial position or profitability.

Regulatory Overview

The Group's operations subject it to a variety of general regulatory requirements and specific requirements related to the industries in which it operates. The Group monitors its obligations with these requirements centrally with the support of external counsel where appropriate. There are currently no material breaches of applicable regulations.

General regulatory requirements

The Group is subject to the laws and regulations of the jurisdictions in which it operates covering a variety of areas affecting health and safety, environmental, competition, data protection and privacy, export and import controls, anti-corruption legislation, trade sanctions and labour laws. As the Group does not undertake manufacturing activities, it is not subject to the material risks associated with manufacturing such as release, storage, use, discharge, handling, generation, transportation, disposal, and labelling of, and human exposure to, hazardous and toxic materials, product composition and the investigation and clean-up of contaminated sites, including sites we currently or formerly owned or operated, due to the release of hazardous materials.

Export control regulations

Since its founding in 2017, the Group has undertaken its technology design and development activities in Canada, and will in the future undertake significant design and development activities in the United Kingdom, and exported its technology to customers in a number of jurisdictions globally. As a result, it is required to evaluate whether its operating and licensing activities subject the Group to export licensing requirements in the countries where it operates. The Group closely monitors these requirements with the support of specialist counsel where appropriate.

The Group's activities are not subject to US Export Administration Regulations, the so-called Foreign-Produced Direct Product Rule or other aspects of US export control regulation, as its products are developed outside the United States, are not the direct products of US-origin software and equipment, and are not otherwise directly subject to US national security controls.

PART XI
DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1 Directors and Senior Management

Directors

The following table lists the names, ages and positions of the directors of the Company:

<u>Name</u>	<u>Age</u>	<u>Position</u>
John Lofton Holt	45	Executive Chairman
Tony Pialis	44	President and Chief Executive Officer
Daniel Aharoni	47	Chief Financial Officer
Sehat Sutardja	59	Executive Director
Jan Frykhammar	56	Senior Independent Non-Executive Director
Michelle Senecal de Fonseca	60	Independent Non-Executive Director
Paul Boudre	62	Independent Non-Executive Director
Victoria Hull	59	Independent Non-Executive Director
Susan Buttsworth	62	Independent Non-Executive Director
Rosalind Singleton	49	Independent Non-Executive Director

The business address of each of the Directors is Alphawave IP Group plc, 6th Floor, 65 Gresham Street, London, EC2V 7NQ, United Kingdom.

Senior Management

The following table lists the names, ages and positions of the Group's current Senior Management, in addition to the Directors listed above:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Jonathan Rogers	45	Senior Vice President, Engineering
Rajeevan Mahadevan	46	Senior Vice President, Operations

Mr. Rogers and Mr. Mahadevan also serve as Board Observers.

Biographies

The management experience and expertise of each of the Directors and Senior Management are set out below.

Directors

John Lofton Holt (Executive Chairman)

John Lofton Holt has served as strategic adviser to management since 2019 and was appointed as the Company's Executive Chairman in 2021.

John has been a semiconductor executive since the late 1990s and has founded, funded, scaled and led multiple semiconductor businesses, driving billions of dollars in value for shareholders. He has more than 24 years of experience as an investor and senior executive, including considerable experience in chairing boards. He previously served as Founder, Chairman and Chief Executive Officer of Achronix Semiconductor Corporation and was also a Founder and Managing Partner of Holt Brothers Capital LLC where he managed a portfolio of investments in semiconductors, hardware, robotics, renewables and real estate. John started his career in the late 1980s at NASA Goddard Space Flight Center, where he worked as a design engineer focusing on optics and electronics for remote sensing and LiDAR applications.

John holds a BSE in Electrical Engineering from Princeton University and an MSE in Electrical Engineering from Johns Hopkins University.

Tony Pialis (President and Chief Executive Officer)

Tony Pialis co-founded Alphawave IP Inc. in 2017 and has since served as its President and Chief Executive Officer. Tony has extensive experience as an entrepreneur in the semiconductor industry, having co-founded three semiconductor IP companies, including Snowbush Microelectronics Inc, which was sold in 2007 to Gennum/Semtech and is currently part of Rambus. He also founded V Semiconductor Inc. where he served as

President and CEO, and which was acquired by Intel Corporation in 2012. Tony served as Vice President of Analog and Mixed-Signal IP at Intel Corporation between 2012 and 2017. During his tenure at Intel, Tony and his team won the prestigious Intel Achievement Award for successfully delivering next generation Ethernet and PCIe SerDes solutions on Intel's 22nm and 14nm process technologies.

Tony holds a Bachelor of Science and Master of Engineering in Electrical Engineering from the University of Toronto.

Daniel Aharoni (Chief Financial Officer)

Daniel Aharoni was appointed to the Board as Chief Financial Officer in January 2021. Daniel has extensive experience in the banking and finance industry, with many years' experience in a senior executive role and has worked with companies such as ARM, Imagination and CSR. He served as the Co-Head of Technology Investment Banking, EME at Barclays Bank PLC, with overall responsibility for the technology sector investment banking coverage across Europe and the Middle East. Daniel has also held roles at Jefferies, UBS, Dresdner Kleinwort and Rothschild.

Daniel holds a Bachelor of Arts with honours in Jurisprudence from Oxford University and a Diploma in Legal Practice from the Oxford Institute of Legal Practice. Daniel qualified as a solicitor in 2000.

Sehat Sutardja (Executive Director)

Sehat Sutardja was appointed to the Board in April 2021. Sehat has extensive experience in the semiconductor industry, having co-founded Marvell Technology Group with his wife, Weili Dai, and having served as its Chief Executive Officer. Today, Sehat is the Chief Executive Officer at FLC Technology Group.

In 2006, Sehat was named Inventor of the Year by the Silicon Valley Intellectual Property Law Association, and in 2010, he received the Distinguished Alumni Award from the Iowa State University Alumni Association, and in 2013, he received the Dr Morris Chang Exemplary Leadership Award.

Sehat holds a PhD in Electronic Engineering and Computer Science from the University of California, Berkeley. He is also an IEEE Fellow of the Institute of Electrical and Electronics Engineers.

Jan Frykhammar (Senior Independent Non-Executive Director)

Jan Frykhammar was appointed to the Board in April 2021 as its Senior Independent Non-Executive Director. Jan is an experienced executive within the telecom industry, with many years of experience as senior executive and as an adviser to listed and non-listed companies. Jan was the Group Executive Vice President and Chief Financial Officer at Ericsson Group, and served as interim Chief Executive Officer until 2017.

Jan is currently the Non-Executive Chairman of the board at Aspia AB. He also serves as a Non-Executive Director on the boards of, amongst others, ITAB Shop Concept AB, Nordic Semiconductor ASA, Clavister Holding AB and Roima Intelligence OY. Jan also previously served as a Non-Executive Director on the boards of Kvdcar AB, Openet Telecom Ltd and the Swedish International Chamber of Commerce.

Jan holds a Bachelor of Science in Business Administration and Economics from the University of Uppsala.

Michelle Senecal de Fonseca (Independent Non-Executive Director)

Michelle Senecal de Fonseca was appointed to the Board in April 2021. Michelle has more than 26 years of experience in the international telecommunications and technology sectors. She is currently an area Vice President for Citrix Systems after having served as the Global Director of Cloud and Hosting Services at Vodafone. Prior to Vodafone, Michelle worked at the European Bank for Reconstruction and Development where she managed the Telecom, Media and Technology banking team. Michelle joined the Board of the FDM Group (a FTSE 250 company) in January 2016 and is the co-founder and board member of Women in Telecoms and Technology, a UK not-for-profit organisation, as well as a global council member at Thunderbird School of Global Management in Phoenix, Arizona.

Michelle holds a Bachelor of Science in Business and a Bachelor of Science in Political Science from the University of Kansas. Michelle also holds a Master of Business Administration from the Thunderbird School of Global Management.

Victoria Hull (Independent Non-Executive Director)

Victoria Hull was appointed to the Board in April 2021. Victoria has over two decades of senior management experience including roles as Executive Director and General Counsel of Invensys plc, which she joined in 2001, and Telewest Communications plc, which she joined in 1995. Prior to Telewest, she was a solicitor in the corporate finance department of Clifford Chance.

Victoria has a strong legal and corporate governance background and has operated at an Executive Committee or Board level throughout her career. She joined the Board of Ultra Electronics Holdings plc (a FTSE 250 company) in April 2017, was appointed as Senior Independent Director in 2020 and is a member of the Audit, Remuneration and Nomination Committees. Victoria was also appointed to the board of Network International PLC (a FTSE 250 company) in April 2019 where she chairs the Remuneration Committee and is a member of the Nomination Committee. She joined the professional services company RBG Holdings plc in September 2018 as a Non-Executive Director.

Victoria holds a Bachelor of Laws from the University of Southampton and qualified as a solicitor in 1987.

Susan Buttsworth (Independent Non-Executive Director)

Susan Buttsworth was appointed to the Board in April 2021. She is Three UK's Chief Operating Officer and responsible for driving Three UK's overall network and IT transformation. Susan has worked for the CK Hutchison Group since 1996 and has delivered large scale network and IT deployments across its group.

In addition to her role at Three, Susan also leads CKH Innovations Opportunities & Development (CKHIOD); a telecom unit of CK Hutchison Holdings. CKHIOD is comprised of cross-border wholesale and enterprise opportunities, data monetisation and digital consumer products and services.

Susan holds a bachelor's degree in Commerce from the University of New South Wales, a Master's degree in Commerce from Macquarie University and is a Certified Practising Accountant in Australia.

Rosalind Singleton (Independent Non-Executive Director)

Rosalind Singleton was appointed to the Board in April 2021. She is a telecoms executive with over 25 years of experience in the sector.

Rosalind is the CEO of Spring Fibre and previously was Managing Director of UK Broadband from 2017 to 2019. She has previously held senior roles at BT Openreach, Cable and Wireless, Vodafone (as consultant), various virtual network operators (VNOs), and other international operators from start-ups to incumbents.

She is also Chair of the UK5G Advisory Board which advises Government on developing the 5G ecosystem and a member of Ofcom's Spectrum Advisory Board.

For the last five years Rosalind has been an active angel investor with a primary focus on technology businesses with a female founder and is a member of the Angel Academe Advisory Board.

Paul Boudre (Independent Non-Executive Director)

Paul Boudre was appointed to the Board in April 2021. Paul is the Chief Executive Officer of Soitec, a France-based international industrial company specialising in generating and manufacturing high performance semiconductor materials, having been appointed to the role in January 2015. A semiconductor-industry veteran of more than 30 years, Paul gained extensive international experience through his previous positions: managing industrial operations for IBM Semiconductor, STMicroelectronics, Motorola Semiconductor and Atmel. From 1997 to 2006, he managed European operations for KLA-Tencor, a leading semiconductor equipment manufacturer, and he was subsequently appointed Vice President for both the US and Europe.

Paul holds a graduate degree in chemistry from France's Ecole Nationale Supérieure de Chimie de Toulouse.

*Senior Management***Rajeevan Mahadevan (Senior Vice President, Operations)**

Raj Mahadevan co-founded Alphawave IP Inc. in 2017 and has since served as its Senior Vice President of Operations and Chief Operating Officer. Raj has more than two decades of engineering executive experience in the semiconductor IP industry, including leading roles in design, architecture, operations, and design methodology development. Prior to Alphawave, he co-founded V Semiconductor Inc. where he was a Director and also Snowbush Microelectronics Inc.

Raj holds a Bachelor of Applied Science in Engineering Science and a Master of Applied Science in Engineering from the University of Toronto.

Jonathan Rogers (Senior Vice President, Engineering)

Jonathan Rogers co-founded Alphawave IP Inc. in 2017 and has since served as its Senior Vice President of Engineering, leading the Group's research and development function. He has over 13 years' experience as an engineering executive, including as Director of Engineering and Senior Principal Engineer at Intel Corporation between 2012 and 2017, and Director of Design Engineering at V Semiconductor and Gennum. He was also the Director of IP Development and IC Designer at Snowbush Microelectronics Inc.

Jonathan holds a B.A Sc in Engineering Science and an M.A Sc in Engineering from the University of Toronto.

2 Corporate Governance

2.1 UK Corporate Governance Code

The Board is firmly committed to the highest standards of corporate governance. Save as set out below, as of the date of this Prospectus, and on and following Admission, the Board voluntarily complies and intends to continue to comply with the requirements of the UK Corporate Governance Code. The Board will also voluntarily report to its Shareholders on its compliance with the UK Corporate Governance Code in accordance with the requirements for premium listed companies under the Listing Rules.

The UK Corporate Governance Code recommends that at least half the board of directors of a UK premium listed company, excluding the chair, should comprise non-executive directors determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. The Company regards all of the Non-Executive Directors listed in paragraph 1 above as "Independent Non-Executive Directors" within the meaning of the UK Corporate Governance Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The UK Corporate Governance Code recommends that, on appointment, the chair of a UK premium listed company should meet the independence criteria set out in the UK Corporate Governance Code. However, the Company chair will not be independent on Admission. Its chair will be John Lofton Holt who, together with the other founders, has guided the Group's growth through its early stages and his continued leadership will ensure that the Group is best placed to continue its current growth trajectory. With a majority of independent directors on the Board, John's executive role is not expected to compromise the Board's overall independence and its firm commitment to the highest standards of corporate governance, as noted above.

The Board further believes that the current Directors bring to the Company a desirable range of skills and experience in light of its challenges and opportunities following Admission, while at the same time ensuring that no individual (or small group of individuals) can dominate the Board's decision making.

The UK Corporate Governance Code recommends that the board of directors of a UK premium listed company should appoint one of the Independent Non-Executive Directors to be the Senior Independent Director to provide a sounding board for the chair and to serve as an intermediary for the other directors when necessary. The Company has appointed Jan Frykhammar as its Senior Independent Director.

In compliance with the UK Corporate Governance Code, the Board has established three committees: an Audit Committee, a Nomination Committee and a Remuneration Committee, and has also established a separate market disclosure committee. If the need should arise, the Board may set up additional committees as appropriate.

2.2 Audit Committee

The Audit Committee will assist the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Group's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process and reviewing the effectiveness of the Group's risk management and internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts and half-yearly reports will remain with the Board. The Audit Committee will give due consideration to all applicable laws and

regulations, including the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.

The Audit Committee will be chaired by Jan Frykhammar and its other members will be Victoria Hull and Michelle Senecal de Fonseca. The Disclosure Guidance and Transparency Rules require that a majority of members of the Audit Committee be independent and that at least one member has competence in accounting and/or auditing. In addition, the UK Governance Code recommends that the Audit Committee should comprise at least three Independent Non-Executive Directors and that at least one member has recent and relevant financial experience. The Board considers that the Group complies with the requirements of the UK Corporate Governance Code in these respects. The Audit Committee will meet at least three times a year.

2.3 Nomination Committee

The Nomination Committee will assist the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It will also be responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. The Nomination Committee will be responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, retirements and appointments of additional and replacement directors and committee members and will make appropriate recommendations to the Board on such matters.

The Nomination Committee will be chaired by John Lofton Holt, and its other members will be Jan Frykhammar and Susan Buttsworth. The UK Corporate Governance Code recommends that a majority of the members of a nomination committee should be independent non-executive directors. The Board considers that the Group complies with the requirements of the UK Corporate Governance Code in this respect. The Nomination Committee will meet at least once a year.

2.4 Remuneration Committee

The Remuneration Committee will assist the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Company and the Board on the Company's policy on executive remuneration, including setting the overarching principles, parameters and governance framework of each of the Company's Executive Directors and certain senior executives. The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code in relation to remuneration.

The Remuneration Committee will be chaired by Victoria Hull and its other members will be Jan Frykhammar and Paul Boudre. The UK Corporate Governance Code recommends that a remuneration committee should comprise at least three members who are independent Non-Executive Directors and that its chair should be an independent non-executive director with at least 12 months' experience on a remuneration committee. The Board considers that the Group complies with the requirements of the UK Corporate Governance Code in this respect.

2.5 Market disclosure committee

The Board has established a market disclosure committee in order to ensure timely and accurate disclosure of all information that is required to be so disclosed to the market to meet the legal and regulatory obligations and requirements arising from the listing of the Company's securities on the London Stock Exchange, including the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation. The market disclosure committee will meet as often as necessary to fulfil its responsibilities. Meetings may be called by the Company Secretary at the request of any member of the market disclosure committee. The market disclosure committee must have at least three members. Members of the market disclosure committee are appointed by the Board.

2.6 Share dealing code

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Ordinary Shares which is based on the requirements of the Market Abuse Regulation. The code adopted will apply to the Directors, Senior Management and all employees of the Group.

3 Conflicts of Interest

- 3.1** Save as set out below and for their capacities as persons legally and/or beneficially interested in Ordinary Shares as set out in paragraph 9 of Part XIX: “*Additional Information — Interests of the Directors and Senior Management*”, there are:
- 3.1.1** no potential conflicts of interest between any duties to the Company of the Directors and members of Senior Management and their private interests and/or other duties; and
 - 3.1.2** no arrangements or understandings with any other major Shareholders, customers, suppliers or others pursuant to which any Director or member of Senior Management was selected.
- 3.2** Mr Holt holds a limited number of restricted stock units in and serves as director of Achronix Semiconductor Corporation, and Mr Sutardja is a shareholder and serves as a director of DreamBig Semiconductor Inc. and FLC Technology Group, Inc., each of which is a customer of Alphawave IP.
- 3.3** Each of the Directors has a statutory duty under the Companies Act to avoid conflicts of interest with the Company and to disclose the nature and extent of any such interest to the Board. Under the Articles, and as permitted by the Companies Act, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest and may attach to any such authorisation such conditions and/or restrictions as the Board deem appropriate (including in respect of the receipt of information or restrictions on participation at certain Board meetings), in accordance with the Articles, as set out in paragraph 6 of Part XIX: “*Additional Information — Memorandum and Articles of Association*”.

PART XII
SELECTED FINANCIAL AND OPERATING INFORMATION

The selected financial information relating to the Group set out below has been extracted, without material adjustment, from Part B of Part XV: “Historical Financial Information”. The selected Non-IFRS measures and operating information relating to the Group set out below has been calculated on the basis set out in Part III: “Presentation of Information on the Group”. The selected financial and operating information presented below should be read in conjunction with Part XIII: “Operating and Financial Review”. Investors should read the whole of this Prospectus before making an investment decision and not rely solely on the summarised information in this Part XII. Unless otherwise indicated, the financial information contained in this Part XII has been presented in Canadian Dollars.

Consolidated Statement of Income and Comprehensive Income

	Year ended 31 May 2018	Year ended 31 May 2019	7 months ended 31 December 2019	Year ended 31 December 2020
	(\$ thousands)			
Revenue				
Product and maintenance	3,449	6,872	9,313	44,197
Consulting	39	40	—	—
Revenue	3,488	6,912	9,313	44,197
Expenses				
Salaries	(528)	(2,127)	(2,040)	(7,345)
Subscriptions	(419)	(1,336)	(1,786)	(4,916)
Subcontracting	(824)	(567)	(673)	(2,613)
Professional fees	(241)	(426)	(397)	(1,500)
Prototype	—	(626)	(106)	(1,130)
Depreciation of right-of-use asset	—	—	(401)	(991)
Stock-based payment	(6)	(45)	(79)	(758)
Office	(117)	(258)	(372)	(627)
Depreciation of property and equipment	(21)	(56)	(66)	(229)
Advertising and promotion	(14)	(102)	(116)	(137)
Insurance	(13)	(32)	(22)	(40)
Equipment rentals	—	(371)	—	—
Rental	(72)	(288)	—	—
Expenses	(2,255)	(6,234)	(6,058)	(20,286)
Operating Profit	1,233	678	3,255	23,911
Other Income (Loss)				
Interest income	—	9	5	266
Interest expense	—	—	(72)	(262)
Foreign currency translation gain (loss)	(8)	205	(221)	(1,317)
Profit Before Tax	1,225	892	2,967	22,598
Recovery of (provision for) income taxes				
Current	(71)	(276)	(868)	(5,875)
Deferred	(210)	(104)	37	(350)
Recovery of (provision for) income taxes	(281)	(380)	(831)	(6,225)
Total Profit and Comprehensive Income	944	512	2,136	16,373

Consolidated Statement of Financial Position

	As at 31 May 2018	As at 31 May 2019	As at 31 December 2019	As at 31 December 2020
	(\$ thousands)			
Assets				
Non-current Assets				
Property and equipment	96	196	260	525
Intangible asset	—	—	—	178
Right-of-use asset	—	—	1,149	8,804
Total Non-current Assets	96	196	1,409	9,507
Current Assets				
Cash and cash equivalents	5,242	5,014	7,307	17,875
Accounts receivable	—	1,488	2,273	6,628
Government remittances receivable	142	204	258	833
Investment tax credit receivable	948	1,437	1,533	2,418
Work-in-process	—	—	1,006	13,148
Notes receivable	—	—	270	545
Prepaid expenses	113	132	178	444
Capitalised contract costs	—	—	—	308
Total Current Assets	6,445	8,275	12,825	42,199
Total Assets	6,541	8,471	14,234	51,706
Liabilities				
Current Liabilities				
Bank indebtedness	—	—	2,909	—
Accounts payable and accrued liabilities	338	529	340	2,810
Income taxes payable	71	51	680	4,520
Current portion of long-term debt	—	—	—	35
Deferred revenue	4,971	6,037	4,786	12,371
Current portion of lease liabilities	—	—	586	2,128
Total Current Liabilities	5,380	6,617	9,301	21,864
Non-current Liabilities				
Long-term debt	—	—	—	35
Deferred income taxes	210	314	277	627
Lease liabilities	—	—	657	6,529
Total Non-current Liabilities	210	314	934	7,191
Total Liabilities	5,590	6,931	10,235	29,055
Shareholders' Equity				
Share capital	1	36	491	2,395
Share-based payment reserve	6	48	46	421
Retained earnings	944	1,456	3,462	19,835
Total Shareholders' Equity	951	1,540	3,999	22,651
	6,541	8,471	14,234	51,706

Consolidated Statement of Cash Flows

	Year ended 31 May 2018	Year ended 31 May 2019	7 months ended 31 December 2019	Year ended 31 December 2020
	(\$ thousands)			
Cash Flows from Operating Activities				
Net income	944	512	2,136	16,373
Items not affecting cash:				
Depreciation of property and equipment	21	56	66	229
Depreciation of right-of-use asset	—	—	401	991
Share-based payment	6	45	80	758
Subcontracting expense obtained for common shares	—	18	23	40
Deferred income taxes	210	104	(37)	350
Lease interests	—	—	48	111
Unrealised foreign exchange gain on cash	(50)	(265)	(43)	302
	1,131	470	2,674	19,154
Changes in working capital	4,178	(821)	(2,798)	(4,636)
Net Cash Generated from/(Used in) Operating Activities	5,309	(351)	(124)	14,518
Cash Flows from Investing Activities				
Purchase of property and equipment	(118)	(155)	(130)	(494)
Collection of notes receivable	—	—	42	48
Purchase of intangible asset	—	—	—	(178)
Net Cash Used in Investing Activities	(118)	(155)	(88)	(624)
Cash Flows from Financing Activities				
Issuance of common shares	1	13	38	1,159
Increase (decrease) in bank indebtedness	—	—	2,910	(2,910)
Increase in long-term debt	—	—	—	70
Payment of lease liabilities	—	—	(486)	(1,343)
Net Cash Generated from / (Used in) Financing Activities	1	13	2,462	(3,024)
Net Increase / (Decrease) in Cash for the Period	5,192	(493)	2,250	10,870
Cash, Beginning of Period	—	5,242	5,014	7,307
Foreign exchange (loss)/gain on cash held in foreign currency	50	265	43	(302)
Cash, End of Period	5,242	5,014	7,307	17,875

Certain Non-IFRS Measures

The following table reconciles EBITDA and EBITDA Margin to Profit Before Tax for each of the periods presented:

	Year ended 31 May 2018	Year ended 31 May 2019	7 months ended 31 December 2019	Year ended 31 December 2020
	(\$ thousands, unless otherwise indicated)			
Profit Before Tax	1,225	892	2,967	22,598
Interest income	—	(9)	(5)	(266)
Interest expense	—	—	72	262
Depreciation	21	56	467	1,220
EBITDA	1,246	939	3,501	23,814
Divided by revenue	3,488	6,912	9,313	44,197
EBITDA Margin	35.7%	13.6%	37.6%	53.9%

PART XIII

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Group's results of operations and financial condition. Historical results may not indicate future performance. Some of the information in this section, including information in respect of the Group's plans and strategies for the business and expected sources of financing, contains forward-looking statements that involve risk and uncertainties and is based on assumptions about the Group's future business. Actual results could differ materially from those contained in such forward-looking statements as a result of a variety of factors, including the risks discussed in Part II: "Risk Factors" included elsewhere in this Prospectus. Potential investors should read Part III: "Presentation of Information on the Group — Information Regarding Forward-Looking Statements" for a discussion of the risks and uncertainties related to those statements and should also read Part II: "Risk Factors" for a discussion of certain factors that may affect the business, results of operations or financial condition of the Group. The following discussion should be read in conjunction with the Historical Financial Information, including accompanying notes, included in Part XV: "Historical Financial Information". Unless otherwise indicated, the financial information contained in this Part XIII has been presented in Canadian Dollars.

Overview

Alphawave IP addresses a critical need in the technology world: the Group builds industry-leading wired connectivity solutions that enable data to travel faster, more reliably, using lower power. Alphawave IP's wired connectivity technology is embedded in leading-edge semiconductors built to power global network- and computer-systems that process zettabytes of data. The Group targets Tier-1 customers in data centre, AI, 5G wireless infrastructure, data networking, autonomous vehicles and solid-state storage.

Wherever there is a high-end compute, networking or storage *solution*, Alphawave IP addresses the high-end connectivity *need*.

Alphawave IP has a proven track record in licensing semiconductor IP to various of the world's leading companies, powering high-bandwidth compute, data centre and network infrastructure. As ARM conquered the mobile device market with its processor technology, Alphawave IP seeks to conquer the global infrastructure markets with its wired connectivity solutions. Management believe that Alphawave IP is the only non-U.S. company licensing this technology, serving customers globally in North America, China, South Korea, Europe—anywhere high-speed wired connectivity is needed.

The Group focuses on the design and development of digital signal processing (DSP)-based, multi-standard wired connectivity silicon IP solutions. As technological advances in smart-devices and digital integration continue to push the boundaries of connectivity capabilities in everyday products from automobiles to AI-enabled devices, the underlying data networks and data centres that support them require high-performance connectivity. The Group addresses this growing need for advanced and high-speed data transmission at the chip level. The Group's IP solutions support data transmission in semiconductor devices, chips and dies, providing designs for interfaces that utilise advanced data transmission technology to ensure the highest transmission speeds at low power levels. As computer chips continue to decrease in size, recent leading developments include the Group's introduction of designs for use at 7nm, 6nm and 5nm manufacturing technologies (a nanometre measuring less than the width of a human DNA strand). The Group believes that its technology expertise, strong customer relationships and industry experience support its development of the cutting-edge solutions that enable chip designs powering next-generation technologies. Since its founding, the Group's solutions have repeatedly established benchmarks in the industry in terms of performance, power consumption, size and flexibility.

Alphawave IP has established its position as a key provider in the semiconductor value chain through a portfolio of silicon IP solutions that are delivered to customers using a well-understood licensing model. Through this model, the Group's design and development activities support steps in the production process for semiconductor vendors, OEMs and hyperscaler data centre operators, who utilise the Group's silicon IP blocks and blocks from other IP providers to create their own semiconductor designs and products. As semiconductor designs become more complex and chip development costs continue to rise, semiconductor suppliers are increasingly license critical wired connectivity IP blocks from providers such as Alphawave IP rather than develop these technologies internally. This allows the Group to focus on advanced design and development activities without the significant capex requirements of a traditional semiconductor company. Alphawave IP is an approved provider with TSMC and Samsung, the world's two leading third-party foundries, which represent the majority of third-party manufacturing capability globally at 7nm and beyond. This close relationship with

TSMC and Samsung ensures that customers can seamlessly integrate the Group's IP solutions into their own semiconductor products. Growth in the global semiconductor industry, and in particular within the wired connectivity IP market where Alphawave IP operates, will continue to be driven by increasing connectivity requirements in end-markets such as data centre, AI, 5G wireless infrastructure, data networking, autonomous vehicles and solid-state storage in the coming years.

Alphawave IP offers its wired connectivity IP solutions across a variety of formats (or form factors), utilising a configurable "chassis" model to allow customers to choose the specific capabilities required for their semiconductor device designs. As Alphawave IP grows its IP offering into chiplet design and development, providing customers with a turn-key product licence, it expects continued proliferation of its IP solutions in customers' semiconductor designs, providing the Group with enhanced revenue and royalty growth and increasing margins over time. In the future, Alphawave IP may also further diversify and expand its product offering in chiplets to include manufacturing and sale of these chiplets, though this is not currently a near term strategy.

During the year ended 31 December 2020, the Group generated revenue of \$44.2 million, exhibiting robust growth as compared to \$9.3 million, \$6.9 million and \$3.5 million in the seven months ended 31 December 2019, the year ended 31 May 2019 and the year ended 31 May 2018, respectively. The Group's operating profit increased significantly over these years, reaching \$23.9 million in the year ended 31 December 2020, as compared to \$3.3 million, \$0.7 million and \$1.2 million in the seven months ended 31 December 2019, the year ended 31 May 2019 and the year ended 31 May 2018, respectively.

The Group's bookings from contracts entered into during the year ended 31 December 2020 were USD \$75.0 million (USD \$51.9 million excluding estimated royalties), as compared to USD \$27.2 million (USD \$23.4 million excluding estimated royalties) from contracts entered into during the year ended 31 December 2019 and USD \$9.6 million (nil royalties) from contracts entered into during the years ended 31 December 2018 and 2017 (in aggregate). This rapid bookings growth has continued into the current year, and the Group achieved USD \$82.2 million in bookings (USD \$74.3 million excluding estimated royalties) from contracts entered into during the three-month period ended 31 March 2021.

Key Factors Affecting Alphawave IP's Financial Condition and Results of Operations

The Group has grown at a rapid pace since its inception and established a track record of strong profitability and cash flow generation. From the year ended 31 May 2018 to the year ended 31 December 2020, the Group has grown its revenue at a CAGR of 161 per cent., from \$3.4 million in the year ended 31 May 2018 to \$44.2 million in the year ended 31 December 2020, from 17 design wins, including 11 during the year ended 31 December 2020. In addition, in February 2021, the Group signed a USD \$54 million multi-year subscription agreement with VeriSilicon for the China market. Including through this deal, the business's growth has helped establish the Group's reputation and technology expertise among its existing customer base and support its market reputation as it targets continued growth by winning new customers.

The results of Alphawave IP's operations have been, and will continue to be, affected by many factors, some of which are beyond the Group's control. These include structural industry and end-market data usage trends, which have resulted from the proliferation of internet-connected devices and cloud services and led to rising demand for advanced wired connectivity IP solutions. They also include factors such as the Group's technology advances and DSP-based platform, which have allowed it to rapidly develop a versatile, cutting-edge IP and product offering, and its deep customer relationships and licensing model, which have supported and are expected to continue to drive revenue growth through the next stages in the Group's development.

This section sets out certain key factors the Directors believe have affected the Group's results of operations in the period under review and could affect its results of operations in the future.

Structural trends

The Group designs and develops high-performance configurable wired connectivity IP platforms for customers that operate in various markets, and their end-market customers, including data centre, AI, 5G wireless infrastructure, data networking, autonomous vehicles and solid-state storage, and it licenses to a variety of customers in these markets, including large semiconductor suppliers, system-level OEMs and third-party outsourced semiconductor wafer foundries who service their own customers. As a result, Alphawave IP's operating and financial performance has been, during the periods under review, and will continue to be highly influenced by broader trends in these industries and the markets in which its customers operate.

Since its founding in 2017, the Group's operating and financial performance have been supported by an increased industry need for high-performance wired connectivity solutions and greater adoption of a third-party IP model for customers to source these technologies, as described in Part VIII: "*Industry Overview*". These include the growth of cloud services and hyperscale data centres, development in and widespread use of 5G and other wireless technologies, proliferation of IoT devices, and the growth of AI, which are expected to support growth in the Group's targeted market from USD \$500 million to USD \$1.5 billion between 2020 and 2025.

Although the broader semiconductor market is generally characterised as highly cyclical, including constant and rapid technological change, cyclical product obsolescence, price erosion, evolving standards, short product life cycles and wide fluctuations in product supply and demand, the Group's focus on wired connectivity solutions, specifically the portion of the market for high-capability technologies, has limited its exposure to these trends. The wired connectivity market, particularly for increasingly complex technologies, is expected to continue to be supported by secular trends related to high-speed and reliable data movement in data centres, communications infrastructure and increasingly in autonomous vehicles, less risk of the commoditisation, cyclical price erosion and capacity pressures that have negatively characterised the broader semiconductor industry.

Technology development

The Group's revenue growth during the periods under review has been driven by its technology advances in wired connectivity IP, as the Group's solutions have repeatedly set benchmarks in the industry in terms of performance, power consumption, footprint and flexibility. In particular, since its founding 2017, the Group's operating and financial performance have been driven by its rapid customer growth resulting from its successful demonstration of high-speed connectivity solutions in the most advanced fabrication technologies ahead of competitors. Management believe that the Group was the first silicon IP vendor in the world to demonstrate functional silicon for its high-speed connectivity solutions at 7nm in 2018, 6nm in 2019 and 5nm in 2020. The Group's ongoing working at 4nm and 3nm are expected to continue driving further design wins in the coming years.

Product adoption and flexible design architecture

Alphawave IP's design activities and product offerings utilise a unified, common architecture across its configurable DSP platform that can be re-used in different applications and it currently offers nearly 60 connectivity products, across five product families, for a variety of customer uses. This approach has enabled it to tailor its technology and service offering to the ever-evolving needs of multiple next generation technology end-markets, and has allowed the Group to rapidly increase the scope of its product offering to grow its revenue and bookings during the periods under review. In the coming years, design developments in additional product families and products from this configurable DSP platform are expected to support continued growth in customer numbers, design wins, revenue and bookings.

As the Group evaluates new market opportunities and brings new products to market, it pays particular attention to forecasts by industry analysts and the adoption curve of technology. The Group also analyses in detail potential competing forces that could hinder such adoption. If the Group fails to anticipate or respond to technological shifts or market demands, or to timely develop new or enhanced products or technologies in response to the same, it could result in decreased revenue and the loss of design wins to competitors.

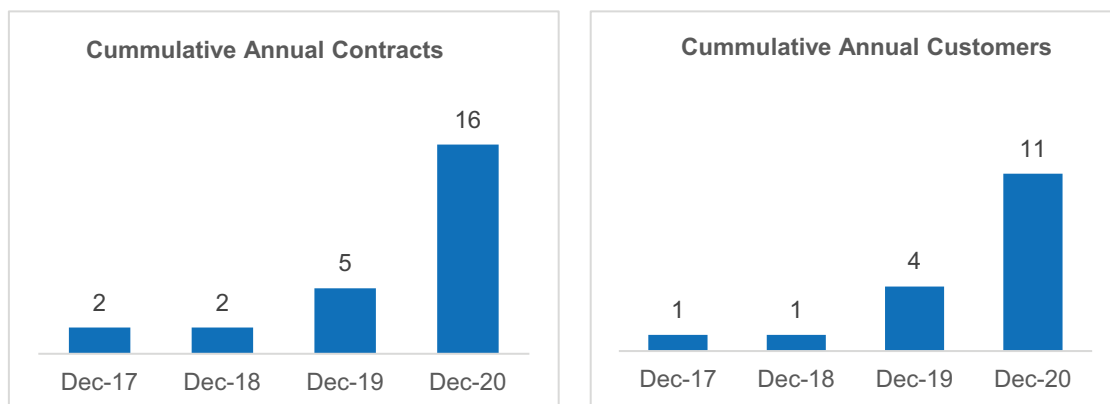
In the coming years, Alphawave IP expects to broaden its technology proposition across the DSP-platform into chiplet offerings. As part of a broader industry transition toward chiplet use, the Group aims to simplify highly complex design and validation processes for customers by integrating its wired connectivity solutions into chiplet form factors. By developing customisable, connectivity chiplet IPs, the Group plans to deliver a low cost, fast time-to-market connectivity solution for silicon IP products.

Customer relationships

Alphawave IP works closely with its customers to understand their product roadmaps and strategies, and the Group's advanced IP solutions enable its customers to differentiate their product offerings and position themselves to gain market share, which has supported the Group's revenue and booking growth during the periods under review. Since its founding in 2017, Alphawave IP has grown its customer base to include several leading semiconductor suppliers and OEMs and an increasing number of hyperscale data centre operators who design their own hardware for internal purposes, including top tier global data centre compute, ethernet switching and solid-state drive providers globally as well as emerging leaders in AI, 5G and autonomous vehicle technologies. In aggregate, as at 31 December 2020, the Group had derived 21 per cent. of cumulative

bookings from data centre customers, 56 per cent. from data networking and optical customers, 6 per cent. from solid-state storage customers, 11 per cent. from 5G wireless customers and 6 per cent. from AI customers. This versatile approach and the Group's ability to win new customers and grow its relationships with existing customers in quickly growing markets has contributed to its revenue and bookings growth during the periods under review.

The following tables set out the Group's cumulative annual contracts and customers for the periods indicated:



Alphawave IP is an approved provider with TSMC and Samsung, the world's two leading third-party foundries, which represent the majority of third-party manufacturing capability globally at 7nm and beyond. This close integration with TSMC and Samsung ensures that customers can seamlessly integrate the Group's IP solutions into their own semiconductor products. As a result, the Group's financial performance is influenced by its design wins and its relationships with customers over the lifetime of their product development and sales cycles.

Design wins with new and existing customers

End-customers in the markets where the Group operates, including current and targeted customers, continuously develop new products in existing and new application areas, and as a result, design wins are critical to the Group's success. The Group has achieved 20 design wins since its foundation in 2017, and it anticipates being increasingly dependent on revenue and bookings from new design wins in the future both from its existing customer base and as it aims to further grow its customer base.

The selection process to achieve a design win is typically lengthy and may require the Group to incur significant design and sales expenditures with no assurance that its solutions will be selected. Failure to achieve design wins, and in particular the loss of any key design win or any significant delay in the ramp of volume production of the customer's products into which Alphawave IP's product is designed, could lead to lower revenue levels than expected and a decline in bookings in future periods.

Design wins and increased usage of the Group's technologies in new customer developments are expected to support its financial performance. Alphawave IP has an established track record of growing its customer relationships, with approximately 50 per cent. of design wins since its founding coming from existing customers, which has contributed to its revenue and booking growth during the periods under review. The land-and-expand approach to customer relationships remains a strategic priority for the Group.

Customer forecasts, development cycles and product life cycles

Alphawave IP engages with customers early on in their product development cycles, as the Group's wired connectivity IP products are a critical decision and design factor in the architecture of a customer's final product. This approach allows the Group to embed its technologies at the heart of customer designs, which can support the overall performance of the end product and better enable Alphawave IP to continue the relationship through subsequent customer designs and new products.

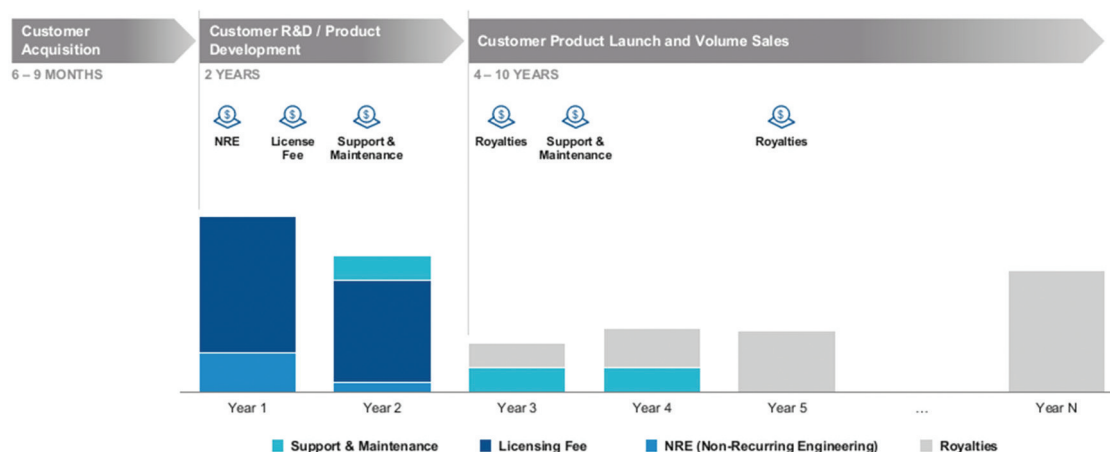
Once a customer designs a product incorporating one of Alphawave IP's wired connectivity solutions, the Group closely monitors all aspects of their demand cycle, including the initial design phase, prototype production, volume production and inventories, as well as end-market demand, including seasonality, cyclicity and the competitive landscape. As the Group anticipates its financial and operating results will, over the long term, become increasingly driven by royalty revenues, which are generally based on the customer's sales levels

for the product incorporating the Group’s technology (see “— *Licensing model and pricing*”), its ability to project these design, development and end product life cycles will play an increasingly central role in its development activities and performance. Similarly, under these arrangements, changes in customer forecasts, development cycles, product specifications or the timing of development expose the Group to timing and project cancellation risks.

Licensing model and pricing

Alphawave IP utilises an industry proven licensing model to provide customers with access to the Group’s advanced wired connectivity solutions. Through this model, the Group’s design and development activities support subsequent steps in the production process for semiconductor vendors, OEMs and hyperscalers, who utilise the Group’s silicon IP blocks and blocks from other IP providers to create their own semiconductor designs and products. These customer arrangements typically comprise a licensing fee, support and maintenance payments, NRE fee and royalties, as described in Part X: “*Information on the Group — Business Model — Technology licensing model*”. This allows the Group to focus on advanced design and development activities without the significant capex requirements of a traditional semiconductor company. This approach supports high-margin returns across the business, including EBITDA Margin of 53.9 per cent. in the year ended 31 December 2020.

Since its foundation in 2017, licensing and NRE fees have comprised the significant majority of the Group’s revenues. Following entry into a licensing agreement, which can typically take from six to nine months, customers will undertake product development activities, which can take up to one to two years, before product launch and ramp to volume production and sales. Under royalty fee arrangements, the Group’s revenue will generally be based on end product sales, as shown in the following illustrative chart:



As an increasing number of customer products utilising the Group’s wired connectivity solutions come to market and volume production increases, the Group expects to earn higher royalty revenues.

Fee and pricing arrangements

Within this licensing model, the structure and pricing of the Group’s contracts for customers vary significantly, depending on the needs of the customer, the product mix that the customer desires and the ultimate complexity of the product that is delivered to the customer. Royalty arrangements can be structured as a fixed-fee per-chip basis, percentage of ASP, or capped or uncapped prepaid royalties, or as a larger percentage of sales in return for a lower licensing fee.

While the margin realised on any individual contract in earlier technologies may generally decrease over time, the Group’s average economics have generally increased as it continues to introduce new higher-end products with improved economics in terms of licence fee, NRE and royalty. The Group’s pricing and margins depend somewhat on the volumes and the features of the solutions it provides to its customers. The Group continually monitors and works to reduce the cost of its products and improve the potential value its solutions provide to customers as it targets new design win opportunities and manages the product life cycles of existing customer designs.

Bookings

By the nature of this licensing model, a material portion of the revenue that the Group expects to receive from a customer agreement (primarily from royalty fees and from support and maintenance) may arise in the years following entry into the contract. To reflect these anticipated future revenues, the Group calculates bookings as part of its ordinary course evaluation of its operating and financial performance.

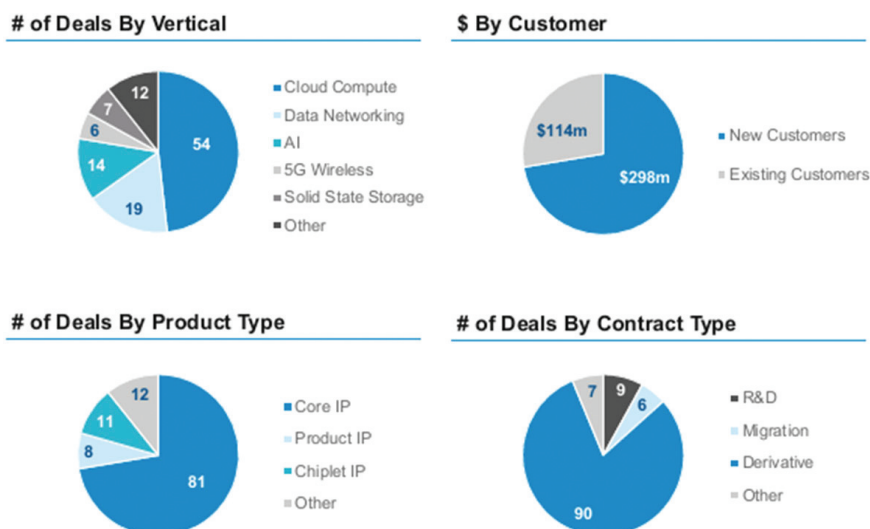
The Group calculates bookings as the total value of licence fee, NRE, support and maintenance and some royalties that are expected by the Group based on the customer contracts it has entered into. This may or may not include customer volume-based royalties, prepaid royalties, “bullet” royalties, or other royalty arrangements and, as a result, bookings amounts reflect management estimates and assumptions, including significant judgements about the timing and amount of future revenue levels under these contracts based on experience in the sector and projected market and demand trends. The Group’s bookings from contracts entered into during the year ended 31 December 2020 were USD \$75.0 million (comprising USD \$51.7 million from licence and related fees, USD \$23.1 million from royalties and USD \$0.2 million from other fees), as compared to USD \$27.2 million from contracts entered into during the year ended 31 December 2019 (comprising USD \$23.1 million from licence and related fees, USD \$3.8 million from royalties and USD \$0.4 million from other amounts) and USD \$9.6 million from contracts entered into during the years ended 31 December 2018 and 2017 (in aggregate, solely related to licence and related fees). The Group’s rapid bookings growth has continued in the current financial year, and it achieved USD \$82.2 million in bookings (USD \$74.3 million excluding estimated royalties) from contracts entered into during the three-month period ended 31 March 2021, including from the multi-year subscription agreement with VeriSilicon agreed in February 2021 and six additional new customer agreements (including amendments of existing customer contracts), with three new customer wins.

The Group’s bookings profile is supported by its existing backlog (being the expected value of contracted revenue, or bookings, that has yet to be recognised) of USD \$116 million (including estimated royalties, and the impact of the VeriSilicon agreement) as at 1 January 2021, with a maturity profile of approximately 30 per cent. expected during the remainder of 2021. The Group’s backlog is balanced toward subscription revenue (USD \$54 million) and licence and related revenue (USD \$35 million), with royalties comprising the remaining portion (USD \$27 million), reflecting its continued shift toward royalty fee arrangements.

Uncontracted pipeline

The Group’s pipeline is estimated based on customer negotiations and projected future revenue from targeted and ongoing work. The Group presents pipeline on a weighted basis, reflecting the status of each underlying relationship and contract, including weights of 0-10 per cent. for arrangements at the NDA-stage, 10-50 per cent. for the design and evaluation stage, and 50-80 per cent. for the contract negotiation or master agreement stage. As at 1 March 2021, the Group’s unweighted sales pipeline was USD \$412 million (which generally extends out by approximately 18 to 24 months). The pipeline is expected to fluctuate from period to period, reflecting ordinary course changes as new potential projects emerge, other potential projects are accelerated, delayed or cancelled and as deals in the pipeline convert to signed contracts. There is no guarantee that any

potential transaction in the pipeline with result in a signed customer contract. Key pipeline characteristics are set out below:



See Part III: “Presentation of Information on the Group — Information Regarding Forward-Looking Statements”.

Margin impact

The Group’s EBITDA Margin has been, and will continue to be, significantly affected by sales commissions, but is also affected by a variety of factors, including revenue over the life of the contract, product mix in a given period and the structure of customer contracts between licence fee, NRE, support and maintenance, and royalty. Alphawave IP believes the primary driver of gross margin in the short term is the licence fee, NRE and support and maintenance negotiated between the Group and its customers.

In the longer term, the Group expects its EBITDA Margins to be driven more by the royalties paid by customers as they are successful in the market. As the Group transitions from a majority licence fee-dominated model to a model that contains more royalty, it expects its gross margin to stay high but its EBITDA Margins to fluctuate on a quarterly basis as a result of changes in contract economics due to new product introductions, customer product transitions into high-volume manufacturing and additional R&D costs for future products. In the year ended 31 December 2020, the Group’s gross margin was 95 per cent. (reflecting cost of goods sold of USD \$1.5 million) and EBITDA Margin was 53.9 per cent.

R&D model and cost considerations

Given its IP licensing model, the Group focuses on advanced design and development activities, rather than high-capex and investment manufacturing models employed by traditional semiconductor companies. This approach supports high margin returns, while enabling the Group to operate from a relatively limited cost base.

As a result, the Group’s largest expenses arise from its R&D activities – namely its design and development personnel and third-party subcontractors, as well as technology subscriptions and expenses incurred for the use of equipment utilised in R&D. The significant growth experienced across the Group’s technology IP, product offerings and operations since 2017 has driven increases in these expenses during the periods under review. These costs are expensed as they are incurred, with identifiable project-related development expenses for specific customer projects recognised as intangible assets based on specific criteria (as described under “Critical Accounting Policies — Research and Development” below).

Salaries

During the periods under review, Alphawave IP’s most significant expenses have been in relation to employee salary levels, which increased from \$528 thousand in the year ended 31 May 2018 to \$7.3 million in the year ended 31 December 2020, reflecting the rapid growth across the Group’s operations, in particular its engineering and design capabilities. As at 31 December 2020, the Group had 72 employees, of which 56 were in research and development roles, as compared to 43 employees, with 35 in research and development roles, and 27 employees, with 23 in research and development roles, as at 31 December 2019 and 31 December 2018.

The Group's approach has, to date, shown the ability to scale the business across its historical growth, resulting in improvements in bookings per employee to reach USD \$0.7 million in 2019 and USD \$1.3 million in 2020. In the coming years, Alphawave IP anticipates targeted increases in its headcount to support continued growth, including by expanding its product portfolio and technology offerings, with additional hires in both the United Kingdom and Canada.

Subscriptions

The Group's focus on design and development activities requires it to obtain subscriptions to computer-aided-design (CAD) and electronic design automation (EDA) tools from third-party providers, including Synopsys, Ansys and several other companies. Subscription fees for the use of these tools are generally based on multi-year subscription licences with a pre-agreed quarterly payment schedule. As a result, the Group's annual subscription fees have increased from \$419 thousand in the year ended 31 May 2018 to \$4.9 million in the year ended 31 December 2020. As Alphawave IP continues to grow its design capabilities in the coming years, it expects these costs to increase further.

Foreign exchange

Although the vast majority of the Group's customer contracts are denominated in US Dollars, its primary operating locations are in Canada and the United Kingdom and, as a result, a significant portion of its costs (in particular those arising from personnel expenses) are paid in Canadian Dollars and UK Pound Sterling. In addition, during the periods under review, the Group recognised foreign currency translation losses of \$1,317 thousand in the year ended 31 December 2020, \$221 thousand in the seven months ended 31 December 2019 arising from translation of US Dollar cash and account payable balances into Canadian Dollars for year-end reporting purposes. The Group intends to report its financial results in US Dollars commencing with the reporting period starting 1 January 2021, and as a result it may face translation risks arising from non-US Dollar balances, as well as deterioration of US Dollar revenues against expenses incurred in relation to operating activities in Canada and the United Kingdom.

Capex

Although Alphawave IP anticipates these and other operating costs to increase in the coming years as part of its growth strategy, it aims to continue operating a low-capex model, primarily in relation to computer and office equipment utilised by employees. The Group's capital expenditure amounted to \$672 thousand in the 12 months ended 31 December 2020, \$130 thousand in the seven months ended 31 December 2019, \$155 thousand in the year ended 31 May 2019 and \$118 thousand in the year ended 31 May 2018.

Recent Developments and Guidance

The Group continued to demonstrate strong progress in the three months ended 31 March 2021 as shown by the signing of six agreements, including the multi-year subscription agreement with VeriSilicon, three new customer additions and a term sheet signed for the Product Partnership with Wise Road Capital. As a result, total bookings for the three months ended 31 March 2021 were USD \$82.2 million, including the Group's estimate of future royalties (USD \$74.3 million excluding estimated royalties). The Group's backlog of approximately USD \$133 million as at 31 March 2021 reflected this strong performance, with a maturity profile of approximately 30 per cent. estimated to be recognised in the remainder of the current year and further upside potential in relation to entry into the Product Partnership and additional wins from the existing sales pipeline.

The Group aims to continue its growth trajectory in the coming years, with a target to achieve 100 per cent. year-on-year revenue growth in the medium term to reach USD \$210 to USD \$240 million based on its existing operational scope. This is expected to support an EBITDA Margin of approximately 50 per cent. from revenues not related to the Group's Product Partnership or revenues from its VeriSilicon agreement, which are both expected to deliver an EBITDA Margin of over 90 per cent. The Group expects to continue operating at net working capital levels under 10 per cent. of sales, with minimal capital expenditure required to support its growth targets and depreciation and amortisation remaining under 5 per cent. of revenue in the medium term. The Group's planned investment of up to USD \$170 million in the Product Partnership is expected to result in cash outflows of approximately USD \$50 million in 2021, approximately USD \$60 million in 2022 and approximately USD \$60 million in 2023.

See Part III: "*Presentation of Information on the Group — Information Regarding Forward-Looking Statements*" and Part II: "*Risk Factors — The Group's revenue and operating results are difficult to predict*"

accurately and may fluctuate significantly from period to period, including for a number of reasons beyond its control” and “Risk Factors — The guidance around future performance included in this Prospectus may differ materially from actual developments and readers should not place undue reliance on it”.

Key Operating and Financial Measures

Alphawave IP monitors a number of key operational and financial measures as indicators of its operating performance. As some of these measures are not determined in accordance with generally accepted accounting principles, including IFRS, and are susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies. For more information on the definition and calculation of these non-IFRS measures, see Part XI: “Selected Financial and Operating Information — Certain Non-IFRS Measures”.

The following table shows selected line items of the Group’s consolidated income statement and other important data from the periods stated:

	As at and for the 12 months ended 31 December			
	2017	2018	2019	2020
		(unaudited)		
Bookings ⁽¹⁾ (USD millions)	8.6	1.0	27.2	75.0
Excluding estimated royalties (USD millions)	8.6	1.0	23.4	51.9
Customers ⁽²⁾	1	1	4	11

Notes:

- (1) The Group defines bookings as the total value of projected licence fee, NRE, support and maintenance and royalties arising from customer contracts entered into during the period then ended.
- (2) As at the relevant date.

Basis of Presentation and Comparability of Financial Results

The Consolidated Historical Financial Information presents the financial track record of the Group as at and for the year ended 31 December 2020, as at and for the seven months ended 31 December 2019, as at and for the year ended 31 May 2019 and as at and for the year ended 31 May 2018, and has been prepared in accordance with UK-adopted international accounting standards.

The Group prepares its annual financial statements as at and for the year ended 31 December each year, and it has presented in this document its financial results as at and for the year ended 31 December 2020. Historically, the Group prepared its annual financial statements as at and for the year ended 31 May, and it has presented in this document its financial results as at and for the years ended 31 May 2018 and 2019. As the Group changed its financial year-end to 31 December in 2019, it has, accordingly, also presented in this document its financial results as at and for the seven months ended 31 December 2019. As a result of this change in the Group’s financial reporting year, the Group’s historical financial results as at and for the seven months ended 31 December 2019 are not directly comparable to the preceding 12-month financial year (ended 31 May 2019) or the subsequent 12-month financial year (ended 31 December 2020). See Part III: “Presentation of Information on the Group”.

The Consolidated Historical Financial Information is prepared on the going concern basis and under the historical cost convention, as modified for the revaluation of certain financial instruments. The Group’s reporting currency for the periods under review is Canadian Dollars and the consolidated financial information is presented in thousands of Canadian Dollars unless otherwise indicated.

Description of Key Line Items

Revenue

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to be entitled in exchange for promised goods or services. The cumulative effects of revisions to contract revenues and estimated completion costs are recorded in the accounting period in which the amounts become evident and can be reasonably estimated. These revisions can include such items as the effects of change orders.

The Group enters into contracts that can include various combinations of products (i.e. custom IP licences) and maintenance, some of which are distinct and are accounted for as separate performance obligations. For contracts with multiple performance obligations, the Group allocates the transaction price of the contract to

each performance obligation, generally on a relative basis using its best estimate of the stand-alone selling price to each distinct good or service in the contract.

Products and maintenance

Revenue from products and maintenance includes the Group's products and the related maintenance on these products. The products are delivered as contracted projects with contract terms of less than one year to more than three years. The customer controls all of the work-in-process as product is developed and integrated. On partially completed contracts, the Group recognises revenue based on stage of completion of the project, which is estimated by comparing the number of hours actually spent on the project with the total number of hours expected to complete the project (i.e. an input-based method). This is considered a fair basis of the transfer of services as the contract pricing is typically based on the anticipated hours to complete the projects. The maintenance on the product is recognised over the term of the contract as control is transferred to the customer. Payment terms are based on completion of milestones throughout the project life for fixed price contracts and annually for maintenance on the anniversary of the contract effective date. Payment is generally due within 30 days of the invoice date.

Consulting

Revenue from consulting services comprises one performance obligation (i.e. completion of underlying transaction) and is recognised when control of the goods and services has been transferred, the Group's performance obligations to the customers have been satisfied and related costs are measured reliably. Payment is generally either due immediately or within 30 days.

The timing of delivering the services to the customer may differ from the timing of the customer's payment. Revenue amounts received for which the services are not yet delivered, and recognition conditions do not meet as at the reporting date, are recorded as deferred revenue. Revenue amounts for which the services are delivered, and recognition conditions are met, however no amounts have been billed and collected, are recorded as work-in-process.

Salaries

Salaries include all expenses directly incurred in connection with permanent employees and personnel, as well as health benefits, retirement contributions, payroll taxes and withholding tax.

Subscriptions

Subscription expenses primarily comprise CAD and EDA subscription licences from Synopsys, Ansys, and several other companies. Subscriptions for enterprise productivity tools from Microsoft are also included as the company leverages Microsoft enterprise-wide.

Subcontracting

Subcontracting expenses include two categories of subcontractor – near-full-time subcontractors that augment the labour force and tactical specialised contractors that work on highly-specialised items for a short duration of time. The mix of these subcontractors is highly variable and depends on number of customer engagements, number of test chips being fabricated/tested and overall engineering demand above the employee capabilities in the Group.

Professional fees

Professional fees include legal, accounting and other fees required to operate the business and remain in compliance with tax filings and other regulatory requirements. The Group does not have an in-house company counsel so all Group counsel related items are outsourced.

Depreciation of right-of-use asset

Depreciation of right-of-use asset includes depreciation of lab equipment, computers, and office furniture.

Office

Office expenses include rental costs for existing office premises, as well as utilities and related operating costs arising from use of these facilities.

Advertising and promotion

Advertising and promotion expenses include costs incurred to third parties in relation to advertising and promoting the Alphawave IP brand, products and services.

Prototype

Prototype expenses include design, manufacturing and test costs associated with semiconductor prototypes or “test chips” that are used to demonstrate the performance of the Group’s IP products in a real-world Silicon environment. Major areas of expenses are test chip manufacturing by TSMC/Samsung, test board fabrication and testing expendables/consumables.

Stock-based payment

Stock-based payment expenses include stock-based compensation charges required under US GAAP/IFRS and includes the issuance of stock options and restricted stock units to employees and directors.

Results of Operations

The following table sets out certain income statement data for the periods indicated.

	Year ended 31 May 2018	Year ended 31 May 2019	7 months ended 31 December 2019	Year ended 31 December 2020
	(\$ thousands)			
Revenue				
Product and maintenance	3,449	6,872	9,313	44,197
Consulting	39	40	—	—
Revenue	3,488	6,912	9,313	44,197
Expenses				
Salaries	(528)	(2,127)	(2,040)	(7,345)
Subscriptions	(419)	(1,336)	(1,786)	(4,916)
Subcontracting	(824)	(567)	(673)	(2,613)
Professional fees	(241)	(426)	(397)	(1,500)
Prototype	—	(626)	(106)	(1,130)
Depreciation of right-of-use asset	—	—	(401)	(991)
Stock-based payment	(6)	(45)	(79)	(758)
Office	(117)	(258)	(372)	(627)
Depreciation of property and equipment	(21)	(56)	(66)	(229)
Advertising and promotion	(14)	(102)	(116)	(137)
Insurance	(13)	(32)	(22)	(40)
Equipment rentals	—	(371)	—	—
Rental	(72)	(288)	—	—
Expenses	(2,255)	(6,234)	(6,058)	(20,286)
Operating Profit	1,233	678	3,255	23,911
Other Income (Loss)				
Interest income	—	9	5	266
Interest expense	—	—	(72)	(262)
Foreign currency translation gain (loss)	(8)	205	(221)	(1,317)
Profit Before Tax	1,225	892	2,967	22,598
Recovery of (provision for) income taxes				
Current	(71)	(276)	(868)	(5,875)
Deferred	(210)	(104)	37	(350)
Recovery of (provision for) income taxes	(281)	(380)	(831)	(6,225)
Total Profit and Comprehensive Income	944	512	2,136	16,373

Results of operations for the year ended 31 December 2020 compared to the seven months ended 31 December 2019

Revenue

Revenue increased by \$34,884 thousand from \$9,313 thousand for the seven months ended 31 December 2019 to \$44,197 thousand for the year ended 31 December 2020. The increase in revenue was driven primarily by closing of additional contracts that involved licence fees, NRE charges, and support and maintenance fees, in addition to the longer financial period in 2020.

Expenses

Salaries

Salaries increased by \$5,305 thousand from \$2,040 thousand for the seven months ended 31 December 2019 to \$7,345 thousand for the year ended 31 December 2020. The increase was driven primarily by a significant increase in headcount, in addition to the longer financial period in 2020.

Subscriptions

Subscription expenses increased by \$3,130 thousand or 175 per cent. from \$1,786 thousand for the seven months ended 31 December 2019 to \$4,916 thousand for the year ended 31 December 2020. The increase was driven primarily by increased demand for CAD and EDA tools to meet the demand of the engineering organisation to meet customer contract milestones, in addition to the longer financial period in 2020.

Subcontracting

Subcontracting expenses increased by \$1,940 thousand from \$673 thousand for the seven months ended 31 December 2019 to \$2,613 thousand for the year ended 31 December 2020. The increase was driven primarily by the need for additional resources to augment the workforce, plus some specialised skill sets required for test chip testing, in addition to the longer financial period in 2020.

Professional fees

Professional fee expenses increased by \$1,103 thousand from \$397 thousand for the seven months ended 31 December 2019 to \$1,500 thousand for the year ended 31 December 2020. The increase was driven primarily by additional need for legal work for secondary stock offerings and preparation for any potential Admission, in addition to the longer financial period in 2020.

Prototype

Prototype expenses increased by \$1,024 thousand from \$106 thousand for the seven months ended 31 December 2019 to \$1,130 thousand for the year ended 31 December 2020. The increase was driven primarily by a dramatic increase in the number of products being offered by the Group, which drove additional test chips being fabricated with TSMC and Samsung, in addition to the longer financial period in 2020.

Depreciation of right-of-use asset

Depreciation of right-of-use asset increased by \$590 thousand or 147 per cent. from \$401 thousand for the seven months ended 31 December 2019 to \$991 thousand for the year ended 31 December 2020. The increase was driven primarily by additional equipment, computers and furniture that was purchased in alignment with the headcount growth, in addition to the longer financial year in 2020.

Stock-based payment

Stock-based payment expenses increased by \$679 thousand from \$79 thousand for the seven months ended 31 December 2019 to \$758 thousand for the year ended 31 December 2020. The increase was driven primarily by a large increase in the valuation of the Group and the issuance of additional options in alignment with the headcount growth, in addition to the longer financial period in 2020.

Office

Office expenses increased by \$255 thousand or 69 per cent. from \$372 thousand for the seven months ended 31 December 2019 to \$627 thousand for the year ended 31 December 2020. The increase was driven primarily

by expansion of the Group's offices in Toronto in alignment with the headcount growth, in addition to the longer financial period in 2020.

Advertising and promotion

Advertising and promotion expenses increased by \$21 thousand or 18 per cent. from \$116 thousand for the seven months ended 31 December 2019 to \$137 thousand for the year ended 31 December 2020. The increase was driven primarily by additional products that were built by the Group that required additional promotion, in addition to the longer financial period in 2020.

Operating Profit

Operating profit increased by \$20,656 thousand from \$3,255 thousand for the seven months ended 31 December 2019 to \$23,911 thousand for the year ended 31 December 2020, driven by the factors set forth above, in addition to the longer financial period in 2020.

Other Income (Loss) – Foreign Currency Translation Gain (Loss)

Loss from foreign currency translation increased by \$1,096 thousand from \$221 thousand for the seven months ended 31 December 2019 to \$1,317 thousand for the year ended 31 December 2020. The increase was driven primarily by volatility in the USD-CaD pairing and significantly higher USD revenues, in addition to the longer financial period in 2020.

Recovery of (provision for) income taxes

Recovery of (provision for) income taxes increased by \$5,394 thousand from \$831 thousand for the seven months ended 31 December 2019 to \$6,225 thousand for the year ended 31 December 2020. The increase was driven primarily by the profitability of the Group resulting in lower ability to take advantage of tax credits, in addition to the longer financial period in 2020.

Total Profit and Comprehensive Income

Total profit and comprehensive income increased by \$14,237 thousand from \$2,136 thousand for the seven months ended 31 December 2019 to \$16,373 thousand for the year ended 31 December 2020, driven by the factors set forth above.

Results of operations for the year ended 31 May 2019 compared to the year ended 31 May 2018

Revenue

Revenue increased by \$3,424 thousand or 98 per cent. from \$3,488 thousand for the year ended 31 May 2018 to \$6,912 thousand for the year ended 31 May 2019. The increase in revenue was driven primarily by increased numbers of design wins with new customers.

Expenses

Salaries

Salaries increased by \$1,599 thousand from \$528 thousand for the year ended 31 May 2018 to \$2,127 thousand for the year ended 31 May 2019. The increase was driven primarily by significant growth in headcount.

Subscriptions

Subscription expenses increased by \$917 thousand or 219 per cent. from \$419 thousand for the year ended 31 May 2018 to \$1,336 thousand for the year ended 31 May 2019. The increase was driven primarily by increased demand for CAD and EDA tools to meet the demand of the engineering organisation to meet customer contract milestones

Subcontracting

Subcontracting expenses decreased by \$257 thousand or 31 per cent. from \$824 thousand for the year ended 31 May 2018 to \$567 thousand for the year ended 31 May 2019. The decrease was driven primarily by fewer test chips being built over the time period.

Professional fees

Professional fee expenses increased by \$185 thousand or 77 per cent. from \$241 thousand for the year ended 31 May 2018 to \$426 thousand for the year ended 31 May 2019. The increase was driven primarily by accounting and legal expenses associated with the growth and expansion of the Group.

Prototype

Prototype expenses increased from nil for the year ended 31 May 2018 to \$626 thousand in the year ended 31 May 2019. The increase was driven primarily by the requirement to build test chips to prove out the Group's new products in silicon.

Stock-based payment

Stock-based payment expenses increased by \$39 thousand from \$6 thousand for the year ended 31 May 2018 to \$45 thousand for the year ended 31 May 2019. The increase was driven primarily by significant growth in headcount.

Office

Office expenses increased by \$141 thousand or 121 per cent. from \$117 thousand for the year ended 31 May 2018 to \$258 thousand for the year ended 31 May 2019. The increase was driven primarily by the need for additional space as a result of the significant growth in headcount.

Advertising and promotion

Advertising and promotion expenses increased by \$88 thousand from \$14 thousand for the year ended 31 May 2018 to \$102 thousand for the year ended 31 May 2019. The increase was driven primarily by the development of a larger number of products over the time period, which increased promotion costs.

Operating Profit

Operating profit decreased by \$555 thousand or 45 per cent. from \$1,233 thousand for the year ended 31 May 2018 to \$678 thousand for the year ended 31 May 2019. The decrease was driven primarily by reinvestment of income into the business to grow the Group.

Other Income (Loss) – Foreign Currency Translation Gain (Loss)

Other income from foreign currency translation increased by \$213 thousand from a loss of \$8 thousand for the year ended 31 May 2018 to a gain of \$205 thousand for the year ended 31 May 2019. The increase was driven primarily by volatility in the USD-CaD pairing.

Total Profit and Comprehensive Income

Total profit and comprehensive income decreased by \$432 thousand or 46 per cent. from \$944 thousand for the year ended 31 May 2018 to \$512 thousand for the year ended 31 May 2019. The decrease was driven primarily by profit being reinvested into the business to grow the business.

Liquidity and Capital Resources

The Group manages its financing structure and cash flow requirements based on the Group's overall strategy and objectives, deploying financial and other resources related to those objectives. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecasts and actual cash flows. Funding decisions are made based upon a number of internal and external factors, including required amounts and the timing of outflows, the internal and external availability of funds, the costs of financing and other strategic objectives. Since nearly all of the Group's expenses are in Canadian Dollars and nearly all of the Group's revenue is in US Dollars, the USD-CaD pairing is an item that Group financial personnel watches carefully. To date, the Group has not used hedging vehicles to protect against volatility in the USD-CaD pairing.

The Group's primary sources of liquidity have historically been cash received from customers.

The following table sets out certain cash flow information for the periods indicated.

	Year ended 31 May 2018	Year ended 31 May 2019	7 months ended 31 December 2019	Year ended 31 December 2020
			(\$ thousands)	
<i>Cash Flows from Operating Activities</i>				
Net income	944	512	2,136	16,373
Items not affecting cash:				
Depreciation of property and equipment	21	56	66	229
Depreciation of right-of-use asset	—	—	401	991
Share-based payment	6	45	80	758
Subcontracting expense obtained for common shares	—	18	23	40
Deferred income taxes	210	104	(37)	350
Lease interests	—	—	48	111
Unrealised foreign exchange gain on cash	(50)	(265)	(43)	302
	1,131	470	2,674	19,154
Changes in working capital	4,178	(821)	(2,798)	(4,636)
Net Cash Generated from/(Used in) Operating Activities . .	5,309	(351)	(124)	14,518
<i>Cash Flows from Investing Activities</i>				
Purchase of property and equipment	(118)	(155)	(130)	(494)
Collection of notes receivable	—	—	42	48
Purchase of intangible asset	—	—	—	(178)
Net Cash Used in Investing Activities	(118)	(155)	(88)	(624)
<i>Cash Flows from Financing Activities</i>				
Issuance of common shares	1	13	38	1,159
Increase (decrease) in bank indebtedness	—	—	2,910	(2,910)
Increase in long-term debt	—	—	—	70
Payment of lease liabilities	—	—	(486)	(1,343)
Net Cash Generated from / (Used in) Financing Activities .	1	13	2,462	(3,024)
Net Increase / (Decrease) in Cash for Period	5,192	(493)	2,250	10,870
Cash, Beginning of Period	—	5,242	5,014	7,307
Foreign exchange gain (loss) on cash held in foreign currency	50	265	43	(302)
Cash, End of Period	5,242	5,014	7,307	17,875

Net cash generated from / (used in) operating activities

Net cash used in operating activities consists of cash generated from revenue-related activities less cash paid for salaries and operating activities.

Net cash generated from operating activities increased by \$14,642 thousand, from \$124 thousand cash used in the seven months ended 31 December 2019 to \$14,518 thousand cash generated in the 12 months ended 31 December 2020. This increase was primarily due to the significant increase in revenue driven by an increased number of design wins with new and existing customers, in addition to the longer financial period in 2020.

Net cash generated from operating activities decreased by \$5,660 thousand from \$5,309 thousand in the year ended 31 May 2018 to \$351 thousand net cash used in the year ended 31 May 2019. This decrease was primarily due to a working capital absorption of \$821 thousand in the year to 31 May 2019, compared to a working capital cash inflow of \$4,178 thousand in the year to 31 May 2018. The changes in working capital are driven by the timings of completion of contract milestones and the associated timing of cash receipts.

Net cash used in investing activities

Net cash used in investing activities consists primarily of purchases of property and equipment, as partially offset by investment credits recovered.

Net cash used in investing activities increased by \$536 thousand from \$88 thousand in the seven months ended 31 December 2019 to \$624 thousand in the 12 months ended 31 December 2020. This increase was primarily due to increased investment in property and equipment to support the delivery on new design wins, in addition to the longer financial period in 2020.

Net cash used in investing activities increased by \$37 thousand from \$118 thousand in the year ended 31 May 2018 to \$155 thousand in the year ended 31 May 2019. This increase was primarily due to increased investment in property and equipment.

Net cash generated from / (used in) financing activities

Net cash from financing activities comprises primarily proceeds from the issuance of common shares and borrowings.

Net cash generated from financing activities decreased by \$5,486 thousand from \$2,462 thousand in the seven months ended 31 December 2019 to an outflow of \$3,024 thousand in the 12 months ended 31 December 2020. This decrease was primarily due to drawdowns from bank facilities of \$2,910 thousand in the seven months ended 31 December 2019 that were subsequently repaid in the 12 months ended 31 December 2020.

Net cash generated from financing activities increased by \$12 thousand from \$1 thousand in the year ended 31 May 2018 to \$13 thousand in the year ended 31 May 2019.

Indebtedness

The Group has a credit facility with Bank of Montreal, which includes an approved operating line that can be drawn upon to a maximum of \$8,150,000 (the “**BoM Facility**”). This facility comprises:

- a \$1,000,000 operating facility, for general operating requirements;
- a \$7,000,000 asset and capital financing facility, to finance up to 100 per cent. of pre-shipment costs of export sales contracts and/or purchase orders; and
- \$150,000, in aggregate, across corporate credit card and treasury (interest and foreign exchange risk) hedging facilities.

Amounts can be borrowed under the operating and the asset and capital financing facilities in CaD or USD, and they incur interest at the Canadian prime rate or US base rate (as applicable) plus 1.50 per cent. Amounts borrowed under the BoM Facility are guaranteed by Export Development Canada and are repayable upon demand. The Group is subject to financial covenants and periodic reporting requirements pursuant to the terms of the BoM Facility. In connection with entry into the BoM Facility, the Group has granted Bank of Montreal a conventional security interest in assets of the Group.

At 31 December 2020, the Group’s borrowed balance under the BoM Facility was nil.

Off-Balance Sheet Arrangements

The Group has no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies

Alphawave IP’s reported financial condition and results of operations are sensitive to the accounting principles, methods and assumptions that are the basis for its consolidated financial statements. Alphawave IP’s accounting policies, the judgements that management makes in the creation and application of these policies, and the sensitivities of reported results to changes in accounting policies and assumptions are factors to be considered along with the Consolidated Historical Financial Information. For a detailed discussion of its significant accounting policies and estimates, see Note 4 to the Consolidated Historical Financial Information.

The preparation of the Consolidated Historical Financial Information requires its management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. While Alphawave IP bases these estimates and judgements on historical experience and other factors that are believed to be reasonable under the circumstances and reviews all estimates and judgements continually, many factors may cause actual results to materially differ from these estimates. See Part II: “*Risk Factors*” and Part III: “*Presentation of Information on the Group — Information Regarding Forward-Looking Statements*”.

Revenue Recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to be entitled in exchange for promised goods or services. See “*Description of Key Line Items — Revenue*” above.

Research and Development

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 it will be available for use or sale;

- its intention to complete the asset and to use or sell it;
- the ability to use or sell the intangible 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.

As of 31 December 2020, Alphawave IP has not capitalised any development costs except for lab equipment and computers as mentioned above.

Qualitative and Quantitative Disclosures on Market Risk

Alphawave IP’s major market risk exposures include credit risk, liquidity risk, currency risk, interest rate risk, and other price risk. For more detail, see Note 29 to the Consolidated Historical Financial Information included in this Prospectus.

PART XIV
CAPITALISATION AND INDEBTEDNESS STATEMENT

The following table sets out the Group's capitalisation as at 31 December 2020 and indebtedness as at 31 March 2021.

1 Capitalisation and Indebtedness Statement

	As at 31 March 2021 (unaudited) (\$ thousands)
Current debt	
Guaranteed	—
Secured	—
Unguaranteed/Unsecured	2,548
Total current debt	2,548
Non-current debt	
Guaranteed	—
Secured	—
Unguaranteed/Unsecured	6,335
Total non-current debt	6,335
Total indebtedness	8,883
	As at 31 December 2020 (\$ thousands)
Total capitalisation	
Share capital	2,395
Share-based payment reserve	421
Retained earnings	19,835
Total capitalisation	22,651

Save as disclosed below, there has been no material change in the Group's indebtedness since 31 March 2021 and to the Group's total capitalisation since 31 December 2020.

2 Net Financial Indebtedness

The following table sets out the Group's net indebtedness as of 31 March 2021.

	As at 31 March 2021 (unaudited) (\$ thousands)
Cash	18,752
Cash equivalents	—
Trading securities	—
Liquidity	18,752
Current financial receivable	541
Current Bank debt	—
Current portion of non-current debt	(2,548)
Other current financial debt	—
Current financial debt	(2,548)
Net current financial indebtedness	16,745
Non-current bank loans	—
Bonds issued	—
Other non-current loans	(6,335)
Non-current financial indebtedness	(6,335)
Net financial indebtedness	10,410

PART XV
HISTORICAL FINANCIAL INFORMATION

This section of the Prospectus includes consolidated historical financial information for the Group as at and for the year ended 31 December 2020, as at and for the seven months ended 31 December 2019, as at and for the year ended 31 May 2019 and as at and for the year ended 31 May 2018, as well as an Accountant's Report thereon prepared by KPMG. This Part XV: "*Historical Financial Information*" is set out in two parts as follows:

- Part A sets out KPMG's Accountant's Report on the Consolidated Historical Financial Information; and
- Part B sets out the Consolidated Historical Financial Information and includes the accounting policies and notes, including the notes to the Consolidated Historical Financial Information.

Part A: Accountant's Report on the Consolidated Historical Financial Information



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The Directors
Alphawave IP Group plc
6th Floor
65 Gresham Street
London EC2V 7NQ
United Kingdom

13 May 2021

Ladies and Gentlemen

Alphawave IP Group plc

We report on the financial information set in Part XV (Historical Financial Information) for Alphawave IP Inc. and its subsidiary undertakings for the twelve month period ended 31 May 2018, the twelve month period ended 31 May 2019, the seven month period ended 31 December 2019 and the twelve month period ended 31 December 2020. This report is required by Item 18.3.1 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980 (the “PR Regulation”) and is given for the purpose of complying with that item and for no other purpose.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the prospectus dated 13 May 2021, a true and fair view of the state of affairs of Alphawave IP Inc. and its subsidiary undertakings as at 31 May 2018, 31 May 2019, 31 December 2019 and 31 December 2020 and of its profits/losses, cash flows and statement of comprehensive income and changes in equity for the twelve month period ended 31 May 2018, the twelve month period ended 31 May 2019, the seven month period ended 31 December 2019 and the twelve month period ended 31 December 2020 in accordance with the basis of preparation set out in Part B, Note 2 of Part XV and in accordance with UK-adopted international accounting standards as described in Part B, Note 2 of Part XV.

Responsibilities

The Directors of Alphawave IP Group plc are responsible for preparing the financial information on the basis of preparation set out in Part B, Note 2 of Part XV and in accordance with UK-adopted international accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Item 1.3 of Annex 1 of the PR Regulation, consenting to its inclusion in the prospectus.

Basis of Preparation

The financial information has been prepared for inclusion in the prospectus dated 13 May 2021 of Alphawave IP Group plc on the basis of the accounting policies set out in Part B, Note 2 of Part XV.

Basis of Opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the “FRC”). We are independent, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements of the FRC’s Ethical Standard as applied to Investment Circular Reporting Engagements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Conclusions Relating to Going Concern

The Directors of Alphawave IP Group plc have prepared the financial information on the going concern basis as they do not intend to liquidate the entity or to cease its operations, and as they have concluded that the entity’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial information (“the going concern period”).

Our conclusions:

- we consider that the Directors’ use of the going concern basis of accounting in the preparation of the entity’s financial information is appropriate; and
- we have not identified, and concur with the Directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern for the going concern period.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the prospectus in compliance with Item 1.2 of Annex 1 of the PR Regulation.

Yours faithfully

KPMG LLP

Part B: Consolidated Historical Financial Information

Consolidated Statement of Income and Comprehensive Income

	Note	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
(\$ thousands)					
Revenue					
Product and maintenance	6	3,449	6,872	9,313	44,197
Consulting	6	39	40	—	—
		<u>3,488</u>	<u>6,912</u>	<u>9,313</u>	<u>44,197</u>
Expenses					
Salaries	7, 10	(528)	(2,127)	(2,040)	((7,345)
Subscriptions		(419)	(1,336)	(1,786)	(4,916)
Subcontracting		(824)	(567)	(673)	(2,613)
Professional fees	9	(241)	(426)	(397)	(1,500)
Prototype		—	(626)	(106)	(1,130)
Depreciation of right-of-use asset	16	—	—	(401)	(991)
Stock-based payment	10, 23	(6)	(45)	(79)	(758)
Office		(117)	(258)	(372)	(627)
Depreciation of property and equipment	14	(21)	(56)	(66)	(229)
Advertising and promotion		(14)	(102)	(116)	(137)
Insurance		(13)	(32)	(22)	(40)
Equipment rentals		—	(371)	—	—
Rental		(72)	(288)	—	—
		<u>(2,255)</u>	<u>(6,234)</u>	<u>(6,058)</u>	<u>(20,286)</u>
Operating Profit		1,233	678	3,255	23,911
Other Income (loss)					
Interest income		—	9	5	266
Interest expense		—	—	(72)	(262)
Foreign currency translation gain (loss)		(8)	205	(221)	(1,317)
Profit Before Tax		1,225	892	2,967	22,598
Recovery of (provision for) income taxes					
Current	11	(71)	(276)	(868)	(5,875)
Deferred	11	(210)	(104)	37	(350)
		<u>(281)</u>	<u>(380)</u>	<u>(831)</u>	<u>(6,225)</u>
Total Profit and Comprehensive Income for the Year		944	512	2,136	16,373
Basic income per share	12	0.05	0.03	0.13	0.89
Diluted income per share	12	0.05	0.02	0.11	0.75

Consolidated Statement of Financial Position

		As at 31 May		As at 31 December	
	Note	2018	2019	2019	2020
		(\$ thousands)			
Assets					
Non-Current					
Property and equipment	14	96	196	260	525
Intangible asset	15	—	—	—	178
Right-of-use asset	16	—	—	1,149	8,804
		<u>96</u>	<u>196</u>	<u>1,409</u>	<u>9,507</u>
Current					
Cash and cash equivalents	13	5,242	5,014	7,307	17,875
Accounts receivable		—	1,488	2,273	6,628
Government remittances recoverable		142	204	258	833
Investment tax credit receivable		948	1,437	1,533	2,418
Work-in-process		—	—	1,006	13,148
Notes receivable	17	—	—	270	545
Prepaid expenses		113	132	178	444
Capitalised contract costs		—	—	—	308
		<u>6,445</u>	<u>8,275</u>	<u>12,825</u>	<u>42,199</u>
Total Assets		<u>6,541</u>	<u>8,471</u>	<u>14,234</u>	<u>51,706</u>
Liabilities					
Current					
Bank indebtedness	18	—	—	2,909	—
Accounts payable and accrued liabilities	19	338	529	340	2,810
Income taxes payable	11	71	51	680	4,520
Current portion of long-term debt	21	—	—	—	35
Deferred revenue	20	4,971	6,037	4,786	12,371
Current portion of lease liabilities	16	—	—	586	2,128
		<u>5,380</u>	<u>6,617</u>	<u>9,301</u>	<u>21,864</u>
Non-Current					
Long-term debt	21	—	—	—	35
Deferred income taxes	11	210	314	277	627
Lease liabilities	16	—	—	657	6,529
		<u>210</u>	<u>314</u>	<u>934</u>	<u>7,191</u>
Total Liabilities		<u>5,590</u>	<u>6,931</u>	<u>10,235</u>	<u>29,055</u>
Shareholders' Equity					
Share capital	22	1	36	491	2,395
Share-based payment reserve		6	48	46	421
Retained earnings		944	1,456	3,462	19,835
Total Shareholders' Equity		<u>951</u>	<u>1,540</u>	<u>3,999</u>	<u>22,651</u>
		<u>6,541</u>	<u>8,471</u>	<u>14,234</u>	<u>51,706</u>

Consolidated Statement of Changes in Equity

	Number of shares	Share capital	Share-based payment reserve <i>(\$ thousands)</i>	Retained earnings	Total
Balance as at 31 May 2017	23,400,000	1	—	—	1
Net income and comprehensive income for the year	—	—	—	944	944
Share-based payment expense	—	—	6	—	6
Balance as at 31 May 2018	23,400,000	1	6	944	951
Net income and comprehensive income for the year	—	—	—	512	512
Issuance of shares	1,392,083	35	(3)	—	32
Share-based payment expense	—	—	45	—	45
Balance as at 31 May 2019	24,792,083	36	48	1,456	1,540
Issuance of shares	1,024,336	455	(82)	—	373
Net income and comprehensive income for the year	—	—	—	2,136	2,136
One-time adjustment to retained earnings upon adoption of IFRS 16	—	—	—	(130)	(130)
Share-based payment expense	—	—	80	—	80
Balance as at 31 December 2019	25,816,419	491	46	3,462	3,999
Net income and comprehensive income for the year	—	—	—	16,373	16,373
Issuance of shares	2,110,833	1,904	(383)	—	1,521
Share-based payment expense	—	—	758	—	758
Balance as at 31 December 2020	27,927,252	2,395	421	19,835	22,651

Consolidated Statement of Cash Flows

	Note	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
<i>(\$ thousands)</i>					
Cash Flows from Operating Activities					
Net income		944	512	2,136	16,373
Items not affecting cash:					
Depreciation of property and equipment		21	56	66	229
Depreciation of right-of-use asset		—	—	401	991
Share-based payment		6	45	80	758
Subcontracting expense obtained for common shares	22	—	18	23	40
Deferred income taxes	11	210	104	(37)	350
Lease interest	16	—	—	48	111
Unrealised foreign exchange gain on cash		(50)	(265)	(43)	302
		<u>1,131</u>	<u>470</u>	<u>2,674</u>	<u>19,154</u>
Changes in working capital		<u>4,178</u>	<u>(821)</u>	<u>(2,798)</u>	<u>(4,636)</u>
Net Cash Generated from / (Used in)					
Operating Activities		<u>5,309</u>	<u>(351)</u>	<u>(124)</u>	<u>14,518</u>
Cash Flows from Investing Activities					
Purchase of property and equipment		(118)	(155)	(130)	(494)
Collection of notes receivable		—	—	42	48
Purchase of intangible asset		—	—	—	(178)
Net Cash Used in Investing Activities					
		<u>(118)</u>	<u>(155)</u>	<u>(88)</u>	<u>(624)</u>
Cash Flows from Financing Activities					
Issuance of common shares	22	1	13	38	1,159
Increase (decrease) in bank indebtedness	18	—	—	2,910	(2,910)
Increase in long-term debt	21	—	—	—	70
Payment of lease liabilities	16	—	—	(486)	(1,343)
Net Cash Generated from / (Used in)					
Financing Activities		<u>1</u>	<u>13</u>	<u>2,462</u>	<u>(3,024)</u>
Net Increase / (Decrease) in Cash for the Period					
		<u>5,192</u>	<u>(493)</u>	<u>2,250</u>	<u>10,870</u>
Cash—Beginning of Period		—	5,242	5,014	7,307
Foreign exchange gain on cash held in foreign currency		50	265	43	(302)
Cash—End of Period					
		<u>5,242</u>	<u>5,014</u>	<u>7,307</u>	<u>17,875</u>
Cash Flows Supplementary Information					
Interest received		—	9	5	266
Interest paid		—	—	—	151
Income taxes paid		—	71	66	781

1 Description of Operations

These consolidated financial statements represent the consolidated financial statements of Alphawave IP Inc. and its wholly owned subsidiary Alphawave IP Corp. (together, the “**Group**”).

Alphawave IP Inc. was incorporated on 19 May 2017 under the laws of the Province of Ontario. Alphawave IP Corp. was incorporated on 19 April 2018 under the laws of the State of Delaware. The principal address of the Group is 170 University Avenue, Toronto, ON. The Group’s principal business activity is developing and licensing high performance connectivity intellectual property for the semiconductor industry.

2 Basis of Preparation

Statement of compliance

The consolidated financial statements were prepared for the purposes of this Prospectus in accordance with the requirements of the Listing Rules and in accordance with UK-adopted international accounting standards (“**IFRS**”) (see note 4(r) for pending accounting pronouncements).

Basis of consolidation

These consolidated financial statements include the accounts of Alphawave IP Inc. and its wholly owned subsidiary Alphawave IP Corp. All intercompany balances and transactions have been eliminated on consolidation.

Basis of organisation

The Group’s management has performed its evaluation for reporting its reportable segments, if any, and concluded that the Group’s business constitutes only one operating segment as all its products and services are of similar nature and focus on customers from the same industry. Its entire revenues, expenses, assets and liabilities pertain to the one business as a whole. In addition, the Group’s business is located only in one geographic segment i.e. Canada. Therefore, there was no information to be disclosed for operating segments.

Functional currency

These consolidated financial statements are presented in Canadian dollars, which is the Group’s functional currency.

Basis of measurement

These consolidated financial statements are prepared on a historical cost basis, except for certain financial instruments and share-based payment reserves that are measured at fair value.

Going concern

As of 31 December 2020, the Group had cash and cash equivalents of \$17.9 million. Considering the Group’s financial position as of 31 December 2020 and its principal risks and opportunities, a going concern analysis has been prepared for at least the twelve-month period from the date of signing the consolidated financial statements (“the going concern period”) utilising realistic scenarios and applying a severe but plausible downside scenario. Even under the downside scenario, the analysis demonstrates the Group continues to maintain sufficient liquidity headroom and continues to comply with all financial obligations. Therefore, the Directors believe the Group is adequately resourced to continue in operational existence for at least the twelve-month period from the date of signing the consolidated financial statements. Accordingly, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Use of estimates and judgement

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Beginning in March 2020, the Governments of Canada and Ontario, as well as foreign governments, instituted emergency measures as a result of the COVID-19 virus. The Group has continued to operate with limited impact on its financial position and cash flows. Management believes that the Group's accounting estimates are fairly determined, however, the ongoing uncertainty due to the unpredictable nature of COVID-19 may affect some of the significant estimates in the next fiscal year.

The areas which require management to make significant estimates in determining carrying values include, but are not limited to:

(a) Revenue recognition

In the determination of allocation of revenues to work-in-process and deferred revenues, management must assess the stage of completion of custom IP license contracts based on hours completed compared to total estimated hours to complete. Such judgements are inherently uncertain due to unforeseen delays in technological research. Changes in these assumptions affect the fair value estimates. See note 6.

The areas which require management to make significant judgements and assumptions in determining carrying values include, but are not limited to:

(a) Revenue

Judgements are exercised when determining the correct amount of revenue to be recognised. This includes making certain judgements when determining the appropriate accounting treatment of key customer contract terms in accordance with the applicable accounting standards. In particular, judgement is required to determine the performance obligations in a contract (if promised goods and services are distinct or not) and timing of revenue recognition (on delivery or over a period of time).

(b) Share-based payments

Judgement is used in determining the fair value of the share options at the grant date, including determining comparable listed companies against which the future volatility of the share price is compared and expected dividend yield. Such judgements are inherently uncertain and changes in these affect the fair value determination.

(c) Research and development costs

Judgement is exercised in determining whether costs incurred should be capitalised in line with IAS 38. The judgement includes whether it is technically feasible to complete the relevant assets on which costs are incurred so that it will be available for use or sale. Refer to note 8.

3 Changes in Accounting Policies

IFRS 9—Financial Instruments

On 1 June 2018 the Group adopted IFRS 9, Financial Instruments (“**IFRS 9**”) and the related consequential amendments to other IFRS standards that are effective for annual periods beginning on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity to apply the new standard on a prospective basis without any adjustments to comparative figures. Accordingly, the Group has decided not to restate its comparative figures, which are presented under IAS 39, Financial Instruments: recognition and measurement (“**IAS 39**”).

IFRS 9 introduced new requirements for:

- (1) Classification and measurement of financial assets and financial liabilities,
- (2) Impairment of financial assets, and
- (3) General hedge accounting.

The impact of these new requirements on the Group's financial statements are described below.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The following table summarises the classification of Group's financial instruments under both standards:

	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts receivable	Loans and receivables	Amortised cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortised cost

The above changes in classification of Group's financial instruments had no impact on the carrying amounts of the financial instruments.

IFRS 15—Revenue from contracts with customers

On 1 June 2018, the Group adopted IFRS 15, Revenue from contracts with customers ("IFRS 15"). IFRS 15 provides a single, principles-based, five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

The Group's revenue streams include revenue on consulting where the Group has one performance obligation i.e. the completion of the underlying sales transaction.

Revenues from products derives from contracts for which there is typically one performance obligation. However, the performance obligation on annual maintenance contracts is typically satisfied evenly throughout the term of the contract. As such, the Group will continue to recognise products income over the term of the contract as the services are rendered.

Therefore, there was no material impact on timing and amount recognised in revenues as a result of adoption of IFRS 15.

IFRS 16—Leases

On 1 June 2019, the Group adopted IFRS 16 Leases ("IFRS 16") to replace IAS 17 Leases ("IAS 17"). Classification of leases by the lessor under IFRS 16 continues as either an operating or a finance lease, as was the treatment under IAS 17. The treatment of leases by the lessee requires capitalisation of all leases resulting in accounting treatment similar to finance leases under IAS 17. The Group, as permitted, have applied the modified retrospective approach and is not required to restate comparative information for the year ended 31 May 2019. It remains as previously reported under IAS 17 and related interpretations.

The Group has elected to apply the following practical expedients proposed by the standard:

- Reliance on the previous identification of a lease (as provided by IAS 17) for all contracts that existed on the date of initial application;
- the ROU assets for all leases were recognised at an amount equal to the lease liability plus prepaid lease payments immediately before the date of initial application;
- the application of a single discount rate to a portfolio of leases with reasonably similar characteristics. The key differential considered in determining the discount rate is the length of the lease;
- the use of hindsight when determining the lease term, if the contract contains an option to extend or terminate the lease;
- on initial application, initial direct costs are excluded from the measurement of the ROU asset;
- approach not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

Operating lease commitments disclosed in the Group's financial statements for the year ended 31 May 2019 under IAS 17 in the amount of \$1,804,423 were discounted using the Group's incremental borrowing rate at 1 June 2019. In respect of leases outstanding at prior year-end, total lease liability (and corresponding right-of-

use asset) of \$2,162,657 with accumulated depreciation for \$611,692 was recognised at 1 June 2019 as a result of transition. Adjustment of \$130,125 was recorded in 31 December, 2019 period's opening retained earnings on adoption of IFRS 16.

When the lease liability is remeasured, the amount of the remeasurement is recognised as a corresponding adjustment to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4 Summary of Significant Accounting Policies

(a) Cash and cash equivalents

Cash and cash equivalents include cash and liquid investments with a term to maturity of 90 days or less when acquired.

(b) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to be entitled to in exchange for promised goods or services. The cumulative effects of revisions to contract revenues and estimated completion costs are recorded in the accounting period in which the amounts become evident and can be reasonably estimated. These revisions can include such items as the effects of change orders.

The Group enters into contracts that can include various combinations of products (i.e. custom IP licenses, products and maintenance, some of which are distinct and are accounted for as separate performance obligations. For contracts with multiple performance obligations, the Group allocates the transaction price of the contract to each performance obligation, generally on a relative basis using its best estimate of the stand-alone selling price to each distinct good or service in the contract.

Products and maintenance

Revenue from products and maintenance includes the Group's products and the related maintenance on these products. The products are delivered as contracted projects with contract terms of less than one year to more than three years. The customer controls all of the work-in-process as product is developed and integrated. On partially completed contracts, the Group recognises revenue based on stage of completion of the project, which is estimated by comparing the number of hours actually spent on the project with the total number of hours expected to complete the project (i.e. an input-based method). This is considered a fair basis of the transfer of services as the contract pricing is typically based on the anticipated hours to complete the projects. The maintenance on the product is recognised over the term of the contract as control is transferred to the customer and includes software updates that become available during the term. The transaction price includes amounts expected to be received in exchange for the goods or services plus any contract amendments that are expected to be received. Payment terms are based on completion of milestones throughout the project life for fixed price contracts and annually for maintenance on the anniversary of the contract effective date. Payment is generally due within 30 days of the invoice date.

Consulting

Revenue from consulting services comprises one performance obligation i.e. completion of underlying transaction and is recognised when control of the goods and services has been transferred, the Group's performance obligations to the customers have been satisfied and related costs are measured reliably. Payment is generally either due immediately or within 30 days.

The timing of delivering the services to the customer may differ from the timing of the customer's payment. Revenue amounts received for which the services are not yet delivered, and recognition conditions do not meet as at the reporting date, are recorded as deferred revenue. Revenue amounts for which the services are delivered, and recognition conditions are met, however no amounts have been billed and collected, are recorded as work-in-process.

Interest income is recorded on accrual basis.

(c) Investment tax credits

Investment tax credits receivable are amounts recoverable from the Canadian federal and provincial government under the SRED incentive programme. The amounts claimed under the programme represent the

amounts submitted by management based on research and development costs paid during the year and included a number of estimates and assumptions made by management in determining the eligible expenditures. ITC's are recorded when there is reasonable assurance that the Group will realise the ITC's and are netted against the related expenditure. Recorded ITC's are subject to review and approval by tax authorities and therefore, amounts eventually received may be different from the amounts recorded.

(d) Work-in-process

Work-in-process includes unbilled amounts typically resulting from sales under long-term contracts when the cost-to-cost method of revenue recognition is utilised and revenue recognised exceeds the amount billed to the customer accounted for under IFRS 15. At any given period-end, a large portion of the balance in this account represents the accumulation of labour, materials and other costs that have not been billed due to timing, whereby the accumulation of each month's costs and earnings are administratively billed in subsequent months. Also included in the account are amounts that will become billable according to contract terms, which usually require the consideration of the passage of time, achievement of milestones or completion of the project.

(e) Share-based payments

The Group issues share options in accordance with its approved shares-settled 'Equity Incentive Plan'. Share options granted to employees are accounted for under the fair value-based method of accounting using fair value for underlying equity instrument. Fair values are determined in accordance with the Black-Scholes-Merton option-pricing model ("BSM"). Management exercises judgement in determining the underlying share price volatility, expected forfeitures and other parameters of the calculations. Share options granted to service providers are valued using fair value of services obtained, and if that is not determinable, at the fair value of underlying equity instrument as per BSM. Share costs of share-based payments are recognised over the vesting period as an increase to share-based payment expense and share-based payment reserve.

Upon the exercise of the options, consideration received together with the amount previously recognised in share-based payment reserve is recorded as an increase to share capital.

Upon expiry of the options, the value that had been ascribed to the expired options remains in the share-based payment reserve.

When terms of the options are modified at a future date, the fair value of the options must be adjusted for the new terms using the BSM. Any difference in fair value must be adjusted as a change to share-based payment reserve and share-based payment expense.

(f) Capitalised contract costs

The Group records an asset for the incremental costs of obtaining a contract with a customer, including direct sales commissions that are earned upon execution of the contract. The cost of direct sales commissions is measured as a percentage of the contract price. The Group recognises the cost to fulfil a contract only when the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify, the cost generate or enhance resources of the Group that will be used in satisfying performance obligations in the future, and the costs are expected to be recovered. The Group recognises the amortisation expense related to these capitalised costs related to initial contracts and such expense is recognised over a period associated with the revenue of the related contract, which is recognised on a stage of completion basis, which is generally one to two years. Capitalised contract costs are tested for impairment on an ongoing basis when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised to the extent that the amount of the capitalised contract costs exceeds the remaining expected gross margin (remaining revenue less remaining direct costs) on the goods and services to which the capitalised contract costs relates.

(g) Foreign currency translation

Transactions in foreign currencies are translated to functional currency at the foreign exchange rate prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate at the reporting date. Foreign exchange differences arising on translation are recognised in the statement of income and comprehensive income as foreign currency translation gains or losses in the period in which they occur.

(h) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes initial cost and subsequent expenditures that are directly attributable to the related asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of income and comprehensive income during the year they are incurred. Property and equipment are depreciated over their estimated useful life on a declining balance basis at the following rates:

Computer equipment	50%
Furniture and fixtures	20%
Leasehold improvements	40%

Property and equipment acquired during the year are depreciated from the date the asset is available for use as intended until the date of de-recognition. The residual values and useful lives are reviewed by the management at each financial year-end and adjusted if impact on depreciation is significant. Property and equipment are regularly reviewed to eliminate obsolete items.

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in consolidated statement of income and comprehensive income in the year the asset is de-recognised.

(i) Intangible assets

Intangible assets are purchased IP carried at cost less accumulated amortisation and impairments. The intangible asset will be amortised on a straight line basis over the term of the license which is 5 years from the date of completion.

Intangible assets are not amortised until the date the asset is available for use. An intangible asset that is under development and not yet available for use is tested for impairment annually by comparing its carrying amount with its recoverable amount. The residual values and useful lives are reviewed by management at each reporting date and those estimates are adjusted if required.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a ROU asset and a lease liability at the lease commencement date, which is the date the leased asset is available for use. The Group has elected not to separate lease and non-lease components and instead treats them all as lease payments and a single lease component.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The incremental borrowing rate is the rate which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. The lease liability is measured at amortised cost using the effective interest method. The lease liability is remeasured when there is a change in future lease payments arising from a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset unless it has been reduced to zero. Any further reduction in the lease liability is then recognised in profit or loss.

The ROU asset is initially measured based on the initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The ROU assets are depreciated over the shorter of the lease term and the useful life of the underlying as-set using the straight-line method as this most closely reflects the expected pattern of the consumption of the future economic benefits. In addition, the ROU asset can be periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for

the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Group will remeasure the lease liability using the Group's incremental borrowing rate on the date of modification, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset.

The lease payments associated with short term and low value leases are recognised as an expense on a straight-line basis over the lease term as the Group has elected the relevant practical expedients. Short term leases are those with a lease term of 12 months or less. Low value asset leases are those leases where the asset being leased when new has a value of less than \$10,000.

(k) Research and development

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 it will be available for use or sale;
- its intention to complete the asset and to use or sell it;
- the ability to use or sell the intangible 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.

As of 31 December 2020, 31 December 2019, 31 May 2019 and 31 May 2018, the Group has not capitalised any development costs as technical feasibility has not been reached.

(l) Income taxes

Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for changes to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statements of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(m) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(n) Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in consolidated statement of income and comprehensive income. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to

determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of income and comprehensive income.

(o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

(p) Government assistance

Government assistance is recognised when eligibility criteria are met and are recognised as an asset and offset against the relevant expenditures. Please also refer to note 4(c) Investment tax credits.

(q) Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Except for financial assets and financial liabilities at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, upon initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets:

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets are classified in one of the three categories: (i) amortised cost; (ii) FVTOCI; or (iii) FVTPL.

(i) Amortised cost

Financial assets that are debt instruments and are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are measured at amortised cost at each subsequent reporting period. The Group classifies accounts receivable and notes receivable as financial assets that are subsequently measured at amortised cost.

(ii) FVTOCI

Financial assets that are debt instruments and are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and that have contractual cash flows that are solely payments of principal and interest ("SPPI") on the principal outstanding, are measured at FVTOCI. Currently, the Group does not have any FVTOCI financial assets. In addition, the Group may, at initial recognition, make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity instrument is held for trading.

(iii) FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured subsequently at FVTPL. Trading financial instruments are mandatorily measured at FVTPL as they are held for trading purposes or are part of a business model with a pattern of short-term profit taking. Non-trading financial assets are also mandatorily measured at FVTPL if their contractual cash flow characteristics do not meet the SPPI test or if they are managed together with other financial instruments on a fair value basis. In addition, the Group may, at initial recognition, make an irrevocable election to designate a financial asset as FVTPL. A financial asset is designated as FVTPL when such classification eliminates or significantly reduces a measurement inconsistency that would otherwise arise from measuring the financial asset on different basis. Gains and losses realised on disposition and unrealised gains and losses from changes in fair value of the financial assets are recognised in the consolidated statement of loss and comprehensive loss. Currently, the Group classifies cash as FVTPL financial assets.

Impairment of financial assets:

The Group recognises a loss allowance for expected credit losses (“ECL”) on accounts receivables that are measured at amortised cost. The Group applies the simplified approach for accounts receivables and recognises the lifetime ECL for these assets. The ECL on accounts receivables is estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the customers, general economic conditions and an assessment of both the current as well as the forecasted direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets measured at amortised cost or FVTOCI, the Group recognises lifetime ECL only when there has been a significant increase in credit risk since initial recognition. If the credit risk on such financial instruments has not increased significantly since initial recognition, the Group measures the loss allowance on those financial instruments at an amount equal to 12-months ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial asset. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset at the reporting date with the risk of default occurring at the initial recognition. The Group considers both quantitative and qualitative factors that are supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Group presumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default:

For internal credit risk management purposes, the Group considers a financial asset not recoverable if the customer balance owing is 180 days past due and information obtained from the customer and other external factors indicate that the customer is unlikely to pay its creditors in full.

Credit impaired financial assets:

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the counter-party;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the debtor, for economic or contractual reasons relating to the debtor’s financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy:

The Group writes off and derecognises a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Derecognition of financial assets:

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of

ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has designated on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities:

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking, or it is a derivative financial liability.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Financial liabilities classified or designated at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. However, for financial liabilities that are designated as FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the issuer is recognised in other comprehensive loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive loss would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive loss are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

The Group classifies bank indebtedness, accounts payable and accrued liabilities, and lease liabilities at amortised cost.

Derecognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(r) Recent accounting pronouncements

At the date of authorisation of these financial statements, the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee have issued the following new and revised Standards and Interpretations which the Group reasonably expects to be applicable at a future date and intends to adopt when they become effective:

Classification of liabilities as current or non-current (amendment to IAS 1)

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. These amendments are effective for annual reporting

periods beginning on or after 1 January 2023, with earlier application permitted. The adoption of these amendments is not expected to have a significant impact on the consolidated financial statements.

COVID-19 related rent concessions (amendment to IFRS 16)

IFRS 16 Leases has been revised to incorporate an amendment issued by the IASB in May 2020. The amendment permits lessees not to assess whether particular COVID-19 related rent concessions are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. In addition, the amendment to IFRS 16 provides specific disclosure requirements regarding COVID-19 related rent concessions. The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Group does not expect the adoption of these amendments to have any impact on the consolidated financial statements.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets has been revised to incorporate amendments issued by the IASB in May 2020. The amendments specify which costs an entity includes in determining the costs of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. The Group is currently assessing the impact of these amendments.

(s) Events after the reporting date

Events between the reporting date and the date on which the consolidated financial statements are approved, favourable and unfavourable, providing evidence of conditions that existed at the reporting date, adjust the amounts recognised in the consolidated financial statements. Those that indicate conditions arising after the reporting date are disclosed but are not recognised within the consolidated financial statements.

5 Alternative Performance Measures (“APM’s”)

The Group uses certain financial measures that are not defined or recognised under IFRS. The Directors believe that these non-GAAP measures supplement GAAP measures to help in providing a further understanding of the results of the Group and are used as key performance indicators within the business to aid in evaluating its current business performance. The measures can also aid in comparability with other companies, particularly in the cybersecurity industry, who use similar metrics. However as the measures are not defined by IFRS, other companies may calculate them differently or may use such measures for different purposes to the Group.

Earnings before interest, taxation, depreciation and amortisation “EBITDA”

EBITDA provides a supplemental measure of earnings that facilitates review of operating performance on a period-to-period basis by excluding items that are not indicative of the Group’s underlying operating performance.

EBITDA is a key profit measure used by the Board to assess the underlying financial performance of the Group. EBITDA is stated before the following items for the following reasons:

- Interest is excluded from the calculation of EBITDA because the expense is a function of capital structure and bears no relation to the Group’s underlying operational performance.
- Recovery of (provision for) income taxes is excluded from the calculation of EBITDA as such amounts are not representative of the underlying operations of the business and are influenced by accounting judgements in respect of deferred tax.
- Charges for the depreciation of property and equipment, acquired intangibles and right of use assets are excluded from the calculation of EBITDA. This is because these charges are based on judgements about their value and economic life, are the result of the application of acquisition accounting rather than core operations, and whilst revenue recognised in the income statement does benefit from the underlying assets acquired, the depreciation costs bear no relation to the Group’s underlying ongoing operational performance.

EBITDA is defined as the Group’s Profit Before Tax adjusted for depreciation and amortisation, interest and recovery of (provision for) income taxes. The Directors consider this metric a useful supplemental measure of earnings that provides visibility on the underlying profitability of the business excluding accounting judgements.

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
			(\$ thousands)	
Profit before tax	1,225	892	2,967	22,598
Add backs:				
Interest income	—	(9)	(5)	(266)
Interest expense	—	—	72	262
Depreciation	21	56	467	1,220
EBITDA	<u>1,246</u>	<u>939</u>	<u>3,501</u>	<u>23,814</u>

6 Revenue

Revenue in the consolidated statement of income and comprehensive income is analysed as follows:

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
			(\$ thousands)	
Revenue by Type:				
Products	2,631	5,611	8,291	40,459
Maintenance	818	1,261	1,022	3,738
Consulting	39	40	—	—
	<u>3,488</u>	<u>6,912</u>	<u>9,313</u>	<u>44,197</u>

Revenues separated by location is based on the address of the customer's head office to which the sale was made, and the product or service is delivered:

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
			(\$ thousands)	
Revenue by Location:				
North America	3,488	6,282	7,149	25,998
Asia Pacific	—	630	2,164	18,199
	<u>3,488</u>	<u>6,912</u>	<u>9,313</u>	<u>44,197</u>

Contractual obligations:

The contractual obligations to be fulfilled by the Group, which at 31 December 2020 amounted to \$42,026,005 are expected to be fully realised as revenue in 2021.

Sensitivity analysis on revenue recognised:

If the total estimated hours to complete a job had increased/decreased by 5 per cent. with all other variables held constant, revenue for the period would have been lower/higher by approximately \$570,313 and \$630,346, respectively.

Revenues from various customers which comprise greater than 10 per cent. of the Group's total revenues are as follows:

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
	(\$ thousands)			
Customer Location				
Asia Pacific	—	—	—	9,086
Asia Pacific	—	—	4,405	6,806
North America	—	—	—	5,945
North America	3,449	6,243	2,745	4,760
North America	—	—	2,163	—

7 Employee Costs

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
	(\$ thousands)			
Wages, salaries and benefits	1,259	3,267	3,244	10,675
Defined contribution pension costs	48	85	107	178
Social security costs	23	47	62	142
Share-based payments	6	45	79	758
Investment tax credit	(802)	(1,272)	(1,373)	(2,297)
Government grants	—	—	—	(1,353)
Total employee costs	534	2,172	2,119	8,103

The average number of employees during the period, analysed by category, was as follows:

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
	(\$ thousands)			
Technical	17	23	35	52
Administration	3	4	4	12
Sales	—	1	2	2
Total average number of employees	20	28	41	66

8 Research and Development

The Group incurred research and development costs that have been expensed in the statement of income and comprehensive income. The amounts expensed through salaries, subscriptions, subcontracting, depreciation of right-of-use asset, equipment rentals, and prototype which relate to research and development are as follows:

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
	(\$ thousands)			
Research and development	2,060	5,645	5,512	14,540

9 Auditor's Remuneration

The Group paid the following amount to its auditor in respect of the audit of the historical financial information and for other non-audit services provided to the Group.

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
			(\$ thousands)	
Audit of the Financial Statements	40	55	55	95
Taxation compliance services	5	15	15	10
Other tax advisory services	—	—	16	35
Corporate Finance services	7	24	13	60
	<u>52</u>	<u>94</u>	<u>99</u>	<u>200</u>

10 Directors' Remuneration

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
			(\$ thousands)	
Directors' emoluments	—	149	165	719
Share-based payments	—	18	23	40
Pension costs	—	4	5	9
Total Directors' remuneration	<u>—</u>	<u>167</u>	<u>188</u>	<u>759</u>

A single Director exercised options during the period. Details of Directors' exercise of options are as follows:

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
			(\$ thousands, except number of options)	
Number of options exercised by Directors	—	—	—	1,199
Grants made on exercise of options by Directors	—	—	—	7,350

Details of the highest paid Director's remuneration is as follows:

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
			(\$ thousands)	
Aggregate remuneration	—	25	52	200
Pension costs	—	—	1	3
Total Directors' remuneration	<u>—</u>	<u>25</u>	<u>53</u>	<u>203</u>
Number of options exercised	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

11 Taxation

The income tax provision recorded differs from the amount obtained by applying the statutory income tax rate of 26.50 per cent. (December 2019—26.50 per cent., May 2019—26.50 per cent., May 2018—26.50 per cent.) to the Profit before tax for the period and is reconciled as follows:

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
			(\$ thousands)	
Profit before tax	1,225	892	2,967	22,598
Income tax expense at the combined basic federal and provincial tax rate	325	236	787	5,988
Increase (decrease) resulting from:				
Small business deduction	(65)	(69)	—	—
Stock based compensation	2	12	21	201
Non-deductible expenses	5	9	3	4
Share issue costs	—	—	—	(4)
Foreign taxes not recovered	—	166	—	—
Foreign tax rate differential	—	—	—	(7)
Research and development tax credits and incentives	14	26	20	43
Effective tax expense	281	380	831	6,225

The deferred taxes reflect the tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Group's deferred income tax assets (liabilities) are as follows:

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
			(\$ thousands)	
Deferred income tax liabilities				
Temporary differences relating to property and equipment	—	(2)	(1)	(22)
Temporary differences relating to lease liabilities	—	—	25	(39)
Temporary differences relating to share issue	—	—	—	16
Temporary differences relating to investment tax credits	(210)	(312)	(301)	(582)
	(210)	(314)	(277)	(627)

12 Earnings Per Share

Basic earnings per share is calculated by dividing net income from operations by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential dilutive stock options to common shares

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
	(\$ thousands except shares)			
Numerator:				
Net income from operations	1,233	678	3,255	23,911
Denominator:				
Weighted average number of common shares				
outstanding for basic EPS	23,400,000	24,182,326	25,171,904	27,013,982
Adjustment for stock options	2,520,833	4,990,012	5,721,382	4,910,601
Weighted average number of common shares				
outstanding for diluted EPS	25,920,833	29,172,338	30,893,286	31,924,583
Basic income per share	0.05	0.03	0.13	0.89
Diluted income per share	0.05	0.02	0.11	0.75

13 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprises cash at bank.

14 Property and Equipment

	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
	(\$ thousands)			
Cost				
Balance at 31 May 2017	—	—	—	—
Additions	64	43	10	117
Balance at 31 May 2018	64	43	10	117
Additions	118	19	19	156
Balance at 31 May 2019	182	62	29	273
Additions	124	6	—	130
Balance at 31 December 2019	306	68	29	403
Additions	342	4	148	494
Balance at 31 December 2020	648	72	177	897
	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
	(\$ thousands)			
Accumulated Depreciation				
Balance at 31 May 2017	—	—	—	—
Charge for the year	16	4	1	21
Balance at 31 May 2018	16	4	1	21
Charge for the year	43	10	3	56
Balance at 31 May 2019	59	14	4	77
Charge for the year	54	6	6	66
Balance at 31 December 2019	113	20	10	143
Charge for the year	182	10	37	229
Balance at 31 December 2020	295	30	47	372

	<u>Computer equipment</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Total</u>
	(\$ thousands)			
Net Book Value				
At 31 May 2018	48	39	9	96
At 31 May 2019	123	48	25	196
At 31 December 2019	193	48	19	260
At 31 December 2020	353	42	130	525

15 Intangible Asset

The intangible asset is a license to use IP. The IP is being developed by a 3rd party vendor and amount paid to date represent instalments paid to initiate the development and is carried at cost. No amortisation is recorded as the intangible asset is not yet available for use. The carrying amount is tested for impairment at 31 December 2020 and there are no adjustments to the carrying amount.

16 Right-of-use Asset and Lease Liabilities

The Group has leases for corporate offices, production facilities, and certain equipment. These leases have remaining lease terms ranging from 4 months to 8.5 years, some of which include options to extend the leases for up to 10 years or to terminate the lease with notice periods of 90 days to 6 months or at predetermined dates as specified within the lease contract. The Group has classified the assets related to these leases as right-of-use assets and the liabilities associated with the future lease payments under these leases as lease liabilities. The weighted average incremental borrowing rate applied to these lease liabilities at initial recognition during the year was 3.95 per cent. per annum.

The following table provides details of changes in the Group's leased assets:

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
	(\$ thousands)		
Cost			
Balance at 31 May 2018	—	—	—
Balance at 31 May 2019	—	—	—
Balance at 1 June 2019 (adoption)	1,310	852	2,162
Balance at 31 December 2019	1,310	852	2,162
Additions	6,474	2,172	8,646
Disposals	—	(852)	(852)
Balance at 31 December 2020	<u>7,784</u>	<u>2,172</u>	<u>9,956</u>
	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
	(\$ thousands)		
Accumulated depreciation			
Balance at 31 May 2018	—	—	—
Balance at 31 May 2019	—	—	—
Balance at 1 June 2019 (adoption)	328	284	612
Charge for the year	153	248	401
Balance at 31 December 2019	481	532	1,013
Charge for the year	432	559	991
Disposals	—	(852)	(852)
Balance at 31 December 2020	<u>913</u>	<u>239</u>	<u>1,152</u>
	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
	(\$ thousands)		
Carrying amounts			
At 31 May 2018	—	—	—
At 31 May 2019	—	—	—
At 31 December 2019	829	320	1,149
At 31 December 2020	6,871	1,933	8,804

The following table provides details of changes in the Group's lease liabilities:

At 1 June 2019	1,681
Additions	—
Interest	48
Payments	(486)
As at 31 December 2019	1,243
Additions	8,646
Interest	111
Payments	(1,343)
As at 31 December 2020	<u>8,657</u>

Lease payments not recognised as a liability:

The Group continues to pay rents where it continues to occupy properties after the lease has expired. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The use of extension and termination options give the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's strategy and economic benefits of exercising the option exceeds the expected overall cost.

17 Notes Receivable

The Group has notes receivables from employees with no stated terms of repayment, due on demand, bearing interest at 1 per cent. per annum. In the event of default the notes are to be enforced under applicable laws. The balance at 31 December 2020 is \$544,607 (31 December 2019—\$269,700, 31 May 2019—\$nil, 31 May 2018—\$nil).

18 Bank Indebtedness

The Group has a credit facility with Bank of Montreal, which includes an approved operating line that can be drawn upon to a maximum of \$8,150,000, which bears interest at prime plus 1.50 per cent. and is guaranteed by Export Development Canada. At the consolidated statement of financial position date, the amount owing, which is due on demand, was \$nil (December 2019—\$2,909,312, May 2019—\$nil, May 2018—\$nil).

19 Accounts Payable and Accrued Liabilities

	<u>As at 31 May</u>		<u>As at 31 December</u>	
	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
	(\$ thousands)			
Trade payables	129	273	202	1,389
Accruals	206	159	65	1,246
Other payables	3	97	73	175
	<u>338</u>	<u>529</u>	<u>340</u>	<u>2,810</u>

20 Deferred revenue

	<u>As at 31 May</u>		<u>As at 31 December</u>	
	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
	(\$ thousands)			
Balance at the beginning of the period	—	4,971	6,037	4,786
Billings deferred during the year	7,769	7,919	7,056	36,388
Revenue released to the Consolidated Statement of Income and Comprehensive Income	(2,798)	(6,952)	(9,436)	(30,309)
Adjustments ^(a)	—	99	1,129	1,506
Net deferral	<u>4,971</u>	<u>1,066</u>	<u>(1,251)</u>	<u>7,585</u>
Balance at the end of the period	<u>4,971</u>	<u>6,037</u>	<u>4,786</u>	<u>12,371</u>

(a) Adjustments reflect a change in measurement of progress of projects and estimated completion costs.

21 Long-term debt

	As at 31 May		As at 31 December	
	2018	2019	2019	2020
	(\$ thousands)			
Long-term debt under the Paycheck Protection Program (“PPP”) in the United States of America. The debt bears interest at 1 per cent. per annum and is due 8 April 2022. Combined principal and interest payments commence 8 September 2021	—	—	—	70
Less: current portion	—	—	—	(35)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>35</u>

22 Share Capital

	Authorised	Issued and Outstanding			
		As at 31 May		As at 31 December	
		2018	2019	2019	2020
Voting common shares, fully paid, with no par value	Unlimited	23,400,000	24,140,000	24,796,900	26,710,649
Non-voting common shares, fully paid, with no par value	Unlimited	—	652,083	1,019,519	1,216,603

Share capital transactions in the year are summarised as follows:

Voting common shares

	As at 31 December			
	2019		2020	
	Shares	Amount	Shares	Amount
	(\$ thousands except shares)			
Balance at beginning of the year	24,140,000	19	24,796,900	122
Exercise of share options	—	—	1,199,000	441
Subcontracting expense obtained for common shares (a)	—	23	—	40
Exchange with non-voting common shares (b)	656,900	80	714,749	1,086
Balance at end of the year	24,796,900	122	26,710,649	1,689

	As at 31 May			
	2018		2019	
	Shares	Amount	Shares	Amount
	(\$ thousands except shares)			
Balance at beginning of the year	23,400,000	1	23,400,000	1
Exercise of share options	—	—	—	—
Subcontracting expense obtained for common shares ^(a)	—	—	740,000	18
Exchange with non-voting common shares ^(b)	—	—	—	—
Balance at end of the year	23,400,000	1	24,140,000	19

Non-voting common shares

	As at 31 December			
	2019		2020	
	Shares	Amount	Shares	Amount
	(\$ thousands except shares)			
Balance at beginning of the year	652,083	17	1,019,519	369
Exercise of share options	1,024,336	432	911,833	1,499
Exchange with voting common shares ^(b)	(656,900)	(80)	(714,749)	(1,086)
Share issuance costs	—	—	—	(76)
Balance at end of the year	1,019,519	369	1,216,603	706

	As at 31 May			
	2018		2019	
	(\$ thousands except shares)			
Balance at beginning of the year	—	—	—	—
Exercise of share options	—	—	652,083	17
Balance at end of the year	—	—	652,083	17

(a) During the year, the Group recognised subcontracting expense of \$82,110 which was paid in voting common shares in a prior year. The shares were issued at the transaction date with the fair value of those shares being amortised into expenses and share capital over the 5 year term of the advisory agreement.

(b) During the year, the Board of Directors resolved to exchange 714,749 (December 2019—656,900) non-voting shares with a carrying value of \$1,086,567 (December 2019—\$79,818) with voting common shares.

23 Share Options

The Board of Directors of the Group adopted a stock incentive plan (the “Plan”) during the year ended 31 May 2018. The terms of any options granted under the Plan are fixed under individual agreements and may not exceed a term of five years. The exercise price of the options granted under the Plan is set at the last fair value of the Company’s common shares determined by independent valuers before the date of grant.

Each share option converts into one voting or non-voting common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following tables summarises information about share-based payment reserve:

Options on voting common shares:

	Seven months ended 31 December 2019		Twelve months ended 31 December 2020	
	Options	Weighted average exercise price (\$)	Options	Weighted average exercise price (\$)
Outstanding at beginning of period	1,199,000	0.270	1,199,000	0.270
Exercised during the period	—	—	(1,199,000)	0.270
Outstanding at end of period	<u>1,199,000</u>	<u>0.270</u>	<u>—</u>	<u>—</u>

	Twelve months ended 31 May 2018		Twelve months ended 31 May 2019	
	Options	Weighted average exercise price (\$)	Options	Weighted average exercise price (\$)
Outstanding at beginning of period	—	—	—	—
Granted during the period	—	—	1,199,000	0.270
Outstanding at end of period	<u>—</u>	<u>—</u>	<u>1,199,000</u>	<u>0.270</u>

Options on non-voting common shares:

	Seven months ended 31 December 2019		Twelve months ended 31 December 2020	
	Options	Weighted average exercise price (\$)	Options	Weighted average exercise price (\$)
Outstanding at beginning of period	4,847,917	0.135	4,078,372	0.353
Exercised during the period	(1,024,336)	0.337	(911,833)	1.363
Expired during the period	—	—	—	—
Forfeited during the period	(105,209)	0.034	(152,084)	2.408
Granted during the period	<u>360,000</u>	<u>3.430</u>	<u>1,543,500</u>	<u>7.397</u>
Outstanding at end of period	<u>4,078,372</u>	<u>0.353</u>	<u>4,557,955</u>	<u>2.514</u>
Exercisable at end of period	<u>1,270,185</u>	<u>0.099</u>	<u>1,603,004</u>	<u>1.456</u>

	Twelve months ended 31 May 2018		Twelve months ended 31 May 2019	
	Options	Weighted average exercise price (\$)	Options	Weighted average exercise price (\$)
Outstanding at beginning of period	—	—	3,830,000	0.028
Exercised during the period	—	—	(652,083)	0.022
Expired during the period	—	—	—	—
Forfeited during the period	—	—	—	—
Granted during the period	3,830,000	0.028	1,670,000	0.337
Outstanding at end of period	3,830,000	0.028	4,847,917	0.135
Exercisable at end of period	—	—	836,593	0.033

The following share-based payment arrangements were in existence as at period end:

Exercise Price (\$)	Number outstanding		Weighted average remaining life (years)		Number exercisable	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019	Dec 2020	Dec 2019
0.021	1,217,356	1,440,417	1.64	2.64	598,736	365,026
0.039	1,094,676	1,377,855	2.05	3.05	503,320	473,480
0.116	218,143	467,600	2.61	3.63	81,581	110,569
0.270	253,069	1,492,000	2.97	3.96	62,444	321,110
0.620	276,626	324,500	3.41	4.42	68,235	—
6.400	1,427,585	175,000	4.35	4.85	271,064	—
28.230	70,500	—	4.94	—	17,625	—
Total	4,557,955	5,277,372	2.79	3.39	1,603,005	1,270,185

Exercise Price (\$)	Number outstanding		Weighted average remaining life (years)		Number exercisable	
	May 2019	May 2018	May 2019	May 2018	May 2019	May 2018
0.021	1,635,417	2,250,000	3.00	4.00	308,855	—
0.039	1,692,500	1,580,000	3.41	4.40	527,708	—
0.116	530,000	—	4.00	—	—	—
0.270	1,539,000	—	4.10	—	—	—
0.620	650,000	—	4.50	—	—	—
Total	6,046,917	3,830,000	3.64	4.17	836,563	—

Twenty five per cent. of options granted vest on the first anniversary date of issuance and the remaining options vest equally over the following 48 months. Options expire within five years of their issue under the terms of agreements.

The following assumptions were used in the BSM to determine the fair value of the share-based compensation expense relating to stock options issued in the period:

	Twelve months ended 31 May 2018	Twelve months ended 31 May 2019	Seven months ended 31 December 2019	Twelve months ended 31 December 2020
			(%)	
Risk-free interest rate	1.47	2.05	1.41	0.57
Expected volatility	20.18	21.76	23.31	27.16
Expected dividend yield	0	0	0	0
Expected life of stock options	5 years	5 years	5 years	5 years

The Group has determined the forfeiture rate to be nil and volatility was determined in reference to listed entities similar to the Group.

24 Government Assistance

In 2020, the Group received Canadian Emergency Wage Subsidy (“CEWS”) from the Government of Canada totalling \$1,353,430. CEWS was offered to qualifying companies in response to the COVID-19 virus to support wages paid to employees. Government assistance was applied to reduce salaries expensed during the year.

25 Related-Party Transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with Directors and key management personnel of the Group are disclosed in note 10.

The Group entered into the following transactions and had the following outstanding balances with related parties who are not consolidated in these financial statements:

	<u>As at 31 May</u>		<u>As at 31 December</u>	
	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
Transactions				
Revenue from a company on which a director is the chairman of the board	—	6,243	2,745	1,867
Revenue from a company on which a director is a board observer	—	—	—	4,760
Revenue from a company on which an immediate family member of a director has significant influence	—	—	—	2,307
	<u>—</u>	<u>6,243</u>	<u>2,745</u>	<u>8,934</u>
Balances:				
Accounts receivable from a company on which a director is a board observer	—	—	—	1,024
Work-in-process for a company on which a director is a board observer	—	—	—	600
Work-in-process for a company on which an immediate family member of a director has significant influence	—	—	—	504
	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,104</u>
Deferred revenue from a company on which a director is the chairman of the board	—	(3,069)	(1,329)	(904)
Deferred revenue from a company on which a director is a board observer	—	—	—	(231)
	<u>—</u>	<u>(3,069)</u>	<u>(1,329)</u>	<u>(1,135)</u>

Sales to related parties are made at market prices and in the ordinary course of business. Outstanding balances are unsecured and settlement occurs in cash. Any estimated credit losses on amounts owed by related would not be material and is therefore not disclosed. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

26 Capital Risk Management

The Group's primary objective with respect to its capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to have sufficient cash resources to fund the research, development and operations. To secure the additional capital necessary to pursue these plans, if needed, the Group may attempt to raise additional funds through the issuance of equity.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Group's approach to capital management in the year ended 31 December 2020. The Group is not subject to externally imposed capital requirements.

27 Changes in Non-Cash Working Capital

	As at 31 May		As at 31 December	
	2018	2019	2019	2020
	(\$ thousands)			
Accounts receivable	—	(1,488)	(785)	(4,355)
Government remittances receivable	(142)	(62)	(54)	(575)
Investment tax credit receivable	(948)	(489)	(96)	(885)
Work-in-process	—	—	(1,006)	(12,142)
Prepaid expenses	(113)	(19)	(46)	(266)
Capitalised contract costs	—	—	—	(308)
Accounts payable and accrued liabilities	339	191	(189)	2,470
Income taxes	71	(20)	629	3,840
Deferred revenue	4,971	1,066	(1,251)	7,585
	<u>4,178</u>	<u>(821)</u>	<u>(2,798)</u>	<u>(4,636)</u>

Reconciliation of movements of liabilities to cash flows arising from financial activities:

	Bank indebtedness	Long-term debt	Lease Liabilities	Total
	(\$ thousands)			
Balance, 1 June 2017	—	—	—	—
Balance, 31 May 2018	—	—	—	—
Balance, 31 May 2019	—	—	—	—
Arising on adoption of IFRS 16	—	—	1,681	1,681
Restated at 1 June 2019	—	—	1,681	1,681
Changes from financing cash flows				
Proceeds from borrowings	2,910	—	—	2,910
Payment of lease liabilities	—	—	(486)	(486)
Total changes from financing cash flows	2,910	—	(486)	2,424
Other changes				
Interest expense	—	—	48	48
Balance, 31 December 2019	2,910	—	1,243	4,153
Changes from financing cash flows				
Proceeds from borrowings	—	70	—	70
Repayment of borrowings	(2,910)	—	—	(2,910)
Payment of lease liabilities	—	—	(1,343)	(1,343)
Total changes from financing cash flows	(2,910)	70	(1,343)	(4,183)
Other changes				
Interest expense	151	—	111	262
Interest paid	(151)	—	—	(151)
New finance lease	—	—	8,646	8,646
Total other changes	—	—	8,757	8,757
Balance, 31 December 2020	—	70	8,657	8,727

28 Financial Instruments

The Group held the following financial instruments as at 31 December 2020:

	<u>As at 31 May</u>		<u>As at 31 December</u>	
	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
	<i>(\$ thousands)</i>			
Financial assets				
FVTPL				
Cash	5,242	5,014	7,307	17,875
Amortised cost				
Accounts receivable		1,488	2,273	6,628
Notes receivable		—	270	545
Financial liabilities				
Bank indebtedness	—	—	2,909	—
Accounts payable and accrued liabilities	338	529	340	2,810
Long-term debt	—	—	—	70
Lease liabilities	—	—	1,243	8,657

Financial instruments recorded at fair value on the financial statements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities. Only cash falls under this level of hierarchy;
- Level 2—Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. The Group has no financial assets or financial liabilities under level 2;
- Level 3—Inputs for assets or liabilities that are not based on observable market data. The Group has no financial assets or financial liabilities under level 3.

The Group recognised interest expense on the following financial liabilities:

	<u>As at 31 May</u>		<u>As at 31 December</u>	
	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
	<i>(\$ thousands)</i>			
Bank indebtedness	—	—	24	151
Lease liabilities	—	—	48	111
	<u>—</u>	<u>—</u>	<u>72</u>	<u>262</u>

29 Financial Instrument Risks

In the normal course of business, the Group is exposed to a variety of financial risks. Significant financial instrument risks that are relevant to the Group and an analysis of how they are managed are presented below.

Credit risk

The Group is subject to credit risk from its operating activities (primarily for accounts receivable). The Group's experience with such customers has been characterised by prompt payment and no uncollectible accounts. As such the Group has \$nil in allowance for doubtful accounts (December 2019—\$nil, May 2019—\$nil, May 2018—\$nil). As at 31 December 2020 the Group had accounts receivable from one customer that made up 51 per cent. (December 2019—100 per cent., May 2019—97 per cent., May 2018—nil per cent.) of the total balance. None of the amounts outstanding have been challenged by the respective counterparties and the Group continues to conduct business with them on an ongoing basis. Accordingly, management has no reason to believe that these balances are not fully collectible in the future.

Notes receivable are from employees which are still employed by the Group for exercise of stock options. The options that the employees hold are valued higher than the note receivable, and management has no indication that the amount would not be fully collectible in the future.

The Group keeps in view the credit quality of financial institutions where it keeps its funds. Currently, it deals with a bank having Aa2 credit rating by Moody's.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. As at 31 December 2020 the Group had \$4,973,000 of liabilities with a maturity of one year or less (December 2019—\$3,835,000, May 2019—\$529,000, May 2018—\$338,000) and working capital of \$20,335,000 (December 2019—\$3,524,000, May 2019—\$1,658,000, May 2018—\$1,065,000). The Group manages its liquidity risk by reviewing its growth plans on an ongoing basis as well as maintaining excess capacity on its line of credit.

	<u>Maturity within one year</u>	<u>Maturity from one to three years</u>	<u>Maturity from three to five years</u>	<u>Total</u>
	<i>(\$ thousands)</i>			
As at 31 May 2018				
Accounts payable and accrued liabilities	338	—	—	338
	<u>338</u>	<u>—</u>	<u>—</u>	<u>338</u>
As at 31 May 2019				
Accounts payable and accrued liabilities	529	—	—	529
	<u>529</u>	<u>—</u>	<u>—</u>	<u>529</u>
As at 31 December 2019				
Bank indebtedness	2,909	—	—	2,909
Accounts payable and accrued liabilities	340	—	—	340
Lease liabilities	641	647	59	1,347
	<u>3,890</u>	<u>647</u>	<u>59</u>	<u>4,596</u>
As at 31 December 2020				
Accounts payable and accrued liabilities	2,810	—	—	2,810
Long-term debt	35	35	—	70
Lease liabilities	2,442	4,489	2,662	9,593
	<u>5,287</u>	<u>4,524</u>	<u>2,662</u>	<u>12,473</u>

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Market price risks includes:

Currency risk

Currency risk is the risk to the Group's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Group is exposed to foreign currency exchange risk on cash, and accounts payable held in U.S. dollars. The Group does not use derivative instruments to reduce its exposure to foreign currency risk. The average and closing U.S. dollars rates for the year are 1.3415 and 1.2732 (December 2019—1.2988 and 1.3224, May 2019—1.3224 and 1.3527, May 2018—1.2718 and 1.2948) respectively. The average and closing GBP rates for the year are 1.7381 and 1.7199 respectively. The following amounts in foreign currencies have been reflected at their equivalent of Canadian dollars in these financial statements.

	<u>As at 31 May</u>		<u>As at 31 December</u>	
	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
	<i>(denominated in USD)</i>			
Cash	3,924	3,433	4,909	13,703
Accounts receivable	—	1,103	1,750	5,175
Accounts payable and accrued liabilities	99	200	119	1,110
Bank indebtedness	—	—	2,240	—
Long-term debt	—	—	—	56

	<u>As at 31 May</u>		<u>As at 31 December</u>	
	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
	<i>(denominated in GBP)</i>			
Accounts payable and accrued liabilities	—	—	—	228

As at 31 December 2020, if the currency had weakened/strengthened by 5 per cent. against the USD and GBP with all other variables held constant, profit for the year would have been approximately \$1,134,000 and \$20,000 higher/lower, respectively, mainly as a result of the foreign exchange gains/losses on translation of foreign exchange financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its floating rate bank indebtedness. If the interest rates were to fluctuate 5 per cent., there would be no significant impact on the Group's financial statements due to the short-term nature of the debt.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. There are no financial assets subject to market rate price fluctuations. The Group's exposure to other price risk is minimal.

PART XVI
UNAUDITED PRO FORMA FINANCIAL INFORMATION

Part A: Accountant's Report on the Unaudited Pro Forma Statement of Net Assets



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13 May 2021

Ladies and Gentlemen

Alphawave IP Group plc

We report on the pro forma statement of net assets (the 'unaudited pro forma statement of net assets') set out in Part B of Part XVI of the prospectus dated 13 May 2021. This report is required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980 (the "PR Regulation") and is given for the purpose of complying with that Section and for no other purpose.

Opinion

In our opinion:

- the unaudited pro forma statement of net assets has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Alphawave IP Group plc.

Responsibilities

It is the responsibility of the directors of Alphawave IP Group plc to prepare the unaudited pro forma statement of net assets in accordance with Annex 20 of the PR Regulation.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the PR Regulation, as to the proper compilation of the unaudited pro forma statement of net assets and to report that opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Item 1.3 of Annex 1 of the PR Regulation, consenting to its inclusion in the prospectus.

Basis of Preparation

The unaudited pro forma statement of net assets has been prepared on the basis described in Part B of Part XVI, for illustrative purposes only, to provide information about how the issue of new ordinary shares might have affected the financial information presented on the basis of the accounting policies to be adopted by Alphawave IP Group plc in preparing the financial statements for the period ending 31 December 2021.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the “FRC”). We are independent, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements of the FRC’s Ethical Standard as applied to Investment Circular Reporting Engagements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma statement of net assets with the directors of Alphawave IP Group plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the unaudited pro forma statement of net assets has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Alphawave IP Group plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the prospectus in compliance with Item 1.2 of Annex 1 of the PR Regulation.

Yours faithfully

KPMG LLP

Part B: Unaudited Pro Forma Statement of Net Assets

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the impact of the issue of ordinary shares in Alphawave IP Group plc on the net assets of Alphawave IP Inc., as if the issue of ordinary shares in Alphawave IP Group plc had taken place on 31 December 2020. The unaudited pro forma statement of net assets has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The unaudited pro forma statement of net assets of the Group is based on the consolidated net assets of Alphawave IP Inc. as at 31 December 2020 and has been prepared on the basis that the issue of ordinary shares in Alphawave IP Group plc was effective as of 31 December 2020 and in a manner consistent with the accounting policies to be adopted by Alphawave IP Group plc in preparing the audited financial statements for the period ending 31 December 2021.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and in accordance with Annex 20 of the PR Regulation. Because of its nature the unaudited pro forma statement of net assets addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited pro forma statement of net assets does not constitute a statutory account within the meaning of section 434 of the Companies Act 2006. Prospective investors should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this Part XVI.

The unaudited pro forma statement of net assets has not been prepared, or shall not be construed as having been prepared, in accordance with Regulation S-X under the US Securities Act.

Unaudited Pro Forma Statement of Net Assets as at 31 December 2020

	As at 31 December 2020 ⁽¹⁾	Adjustment for net proceeds of the Global Offer ⁽²⁾	Adjustment for Cash Inflows relating to Exercise of Options ⁽³⁾	Adjustment for proceeds from Director Share purchases ⁽⁴⁾	Pro forma
			(\$ thousands)		
Assets					
Non-current Assets					
Property and equipment	525	—	—	—	525
Intangible asset	178	—	—	—	178
Right-of-use asset	8,804	—	—	—	8,804
Total Non-current Assets	9,507	—	—	—	9,507
Current Assets					
Cash and cash equivalents	17,875	582,838	4,918	1,560	607,192
Accounts receivable	6,628	—	—	—	6,628
Government remittances receivable	833	—	—	—	833
Investment tax credit receivable	2,418	—	—	—	2,418
Work-in-process	13,148	—	—	—	13,148
Notes receivable	545	—	—	—	545
Prepaid expenses	444	—	—	—	444
Capitalised contract costs	308	—	—	—	308
Total Current Assets	42,199	582,838	4,918	1,560	631,516
Total Assets	51,706	582,838	4,918	1,560	641,023
Liabilities					
Current Liabilities					
Bank indebtedness	—	—	—	—	—
Accounts payable and accrued liabilities	2,810	(346)	—	—	2,464
Income taxes payable	4,520	—	—	—	4,520
Current portion of long-term debt	35	—	—	—	35
Deferred revenue	12,371	—	—	—	12,371
Current portion of lease liabilities	2,128	—	—	—	2,128
Total Current Liabilities	21,864	(346)	—	—	21,518
Non-current Liabilities					
Long-term debt	35	—	—	—	35
Deferred income taxes	627	—	—	—	627
Lease liabilities	6,529	—	—	—	6,529
Total Non-current Liabilities	7,191	—	—	—	7,191
Total Liabilities	29,055	(346)	—	—	28,709
Net Assets	22,651	583,184	4,918	1,560	612,314

Notes:

- (1) The consolidated net assets of Alphawave IP Inc. have been extracted without adjustment from Part B of Part XV: "Historical Financial Information".
- (2) The adjustment in Note 2 represents the net proceeds retained by the Group from the Global Offer. The net proceeds comprise gross proceeds of \$619.4 million (calculated as £360.1 million of proceeds from the Global Offer converted to Canadian dollars at the 31 December 2020 exchange rate of £1:\$1.7199) less transaction costs of \$36.5 million. As at 31 December 2020, \$346,000 of the \$36.5 million transaction costs had been recorded in Accounts Payable and accrued liabilities, the pro forma adjustment presented above assumes all of the \$36.5 million transaction costs, including the \$346,000 held within Accounts Payable and accrued liabilities, is settled in cash on completion of the Global Offer.
- (3) The adjustment in Note 3 represents the proceeds received by the Group as a result of share options exercised by employees in connection with the Global Offer.
- (4) The adjustment in Note 4 represents the proceeds received by the Company as a result of Share purchases by certain Non-Executive Directors on Admission.

No adjustment has been made to reflect the trading results of the Group since 31 December 2020 or any change in its financial position in this period.

PART XVII

TAXATION

General

The following is a summary of certain United Kingdom, United States and Canadian tax considerations relating to an investment in the Company's shares.

UK Taxation

The comments set out below are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs), in each case as at the latest practicable date before the date of this Prospectus, and both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and apply only to shareholders of the Company resident and, in the case of an individual, domiciled for tax purposes in the United Kingdom and to whom "split year" treatment does not apply (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold Shares in the Company as an investment and who are, or are treated as, the absolute beneficial owners thereof. The discussion does not address all possible tax consequences relating to an investment in the Ordinary Shares. Certain categories of shareholders, including those carrying on certain financial activities, those subject to specific tax regimes or benefiting from certain reliefs or exemptions, those connected with the Company or Group and those for whom the Ordinary Shares are employment related securities may be subject to special rules and this summary does not apply to such shareholders.

Shareholders or prospective shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately. In particular, Shareholders should be aware that the tax legislation of any jurisdiction where a Shareholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Ordinary Shares, including in respect of any income received from the Ordinary Shares.

Taxation of Dividends

The Company will not be required to withhold amounts on account of United Kingdom tax at source when paying a dividend.

Individual shareholders

Dividends received by a United Kingdom resident individual shareholder from the Company will generally be subject to tax as dividend income.

The first £2,000 (the "**Dividend Allowance**") of the total amount of dividend income (including any dividends received from the Company) received by such a shareholder in a tax year will be taxed at a nil rate (and so no income tax will be payable in respect of such amounts).

If a United Kingdom resident individual shareholder's total dividend income for a tax year exceeds the Dividend Allowance (such excess being referred to as the "**Taxable Excess**"), then the Taxable Excess will be subject to tax depending on the tax rate band or bands it falls within. The relevant tax rate band is determined by reference to the shareholder's total income charged to income tax (including the dividend income charged at a nil rate by virtue of the Dividend Allowance) less relevant reliefs and allowances (including the shareholder's personal allowance). The Taxable Excess is, in effect, treated as the top slice of any resulting taxable income and:

- (a) to the extent that the Taxable Excess falls below the basic rate limit, the shareholder will be subject to tax on it at the dividend basic rate of 7.5 per cent.;
- (b) to the extent that the Taxable Excess falls above the basic rate limit but below the higher rate limit, the shareholder will be subject to tax on it at the dividend upper rate of 32.5 per cent.; and
- (c) to the extent that the Taxable Excess falls above the higher rate limit, the shareholder will be subject to tax on it at the dividend additional rate of 38.1 per cent.

Corporate shareholders

Shareholders who are within the charge to corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for such shareholders that are small companies) the dividends

fall within an exempt class and certain other conditions are met. Each shareholder's position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class.

Non-UK shareholders

A shareholder resident or otherwise subject to tax outside the United Kingdom (whether an individual or a body corporate) may be subject to foreign taxation on dividend income under local law. Shareholders to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

Taxation of Capital Gains

Shareholders who are resident in the United Kingdom, or, in the case of individuals, who cease to be resident in the United Kingdom for a period of five years or less, may, depending on their circumstances (including the availability of exemptions or reliefs), be liable to United Kingdom taxation on chargeable gains in respect of gains arising from a sale or other disposal of Ordinary Shares in the Company.

Inheritance Tax

Shares in the Company will be assets situated in the United Kingdom for the purposes of United Kingdom inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to United Kingdom inheritance tax, even if the holder is neither domiciled in the United Kingdom nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile). Generally, United Kingdom inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Shares in the Company bringing them within the charge to inheritance tax. Shareholders should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Shares in the Company through such a company or trust arrangement. They should also seek professional advice in a situation where there is potential for a double charge to United Kingdom inheritance tax and an equivalent tax in another country or if they are in any doubt about their United Kingdom inheritance tax position.

Close Companies

The Directors have been advised that the Company may be a close company within the meaning of Part 10 of the Corporation Tax Act 2010 (both prior to and following the Global Offer). As a result, certain transactions entered into by the Company or other members of the Group may have tax implications for shareholders in the Company. Shareholders should consult their own professional advisers on the potential impact of the close company rules.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The statements in this section are intended as a general guide to the current United Kingdom stamp duty and SDRT position. Special rules apply to certain transactions such as transfers of Ordinary Shares to a company connected with the transferor and those rules are not described below. Investors should also note that certain categories of persons are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

Issue

No stamp duty or SDRT will arise on the issue of Ordinary Shares in registered form by the Company. In the case of Ordinary Shares issued to a clearance service or depositary receipt system, this is as a result of case law which has been accepted by HM Revenue & Customs.

Transfers outside of Depositary Receipt Systems and Clearance Services

An agreement to transfer Shares in the Company will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. SDRT is, in general, payable by the purchaser.

Transfers of Ordinary Shares in the Company will generally be subject to stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (rounded up to the next £5). The purchaser normally pays the stamp duty.

If a duly stamped transfer completing an agreement to transfer is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT already paid is generally repayable, normally with interest, and any SDRT charge yet to be paid is cancelled.

Transfers within CREST

Paperless transfers of Ordinary Shares in the Company within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration.

Transfers to and within Depositary Receipt Systems and Clearance Services

Where Shares in the Company are transferred (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT may be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the Ordinary Shares.

Except in relation to clearance services that have made an election under section 97A(1) of the Finance Act 1986 (to which the special rules outlined below apply), no stamp duty or SDRT is payable in respect of paperless transfers within clearance services or depositary receipt systems.

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HM Revenue & Customs. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of Ordinary Shares into such an account and on subsequent agreements to transfer such Shares within such account.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

Sale of Ordinary Shares by the Selling Shareholders

The sale of Ordinary Shares by the Selling Shareholders under the Global Offer will give rise to a liability to stamp duty and/or SDRT as described above. The Selling Shareholders will meet the liability to stamp duty and/or SDRT of purchasers of Ordinary Shares at the normal rate that will arise on such sale under the Global Offer.

3 US Federal Income Taxation

Certain US Federal Income Tax Considerations

The following is a summary of certain US federal income tax consequences of the acquisition, ownership and disposition of Offer Shares by a US Holder (as defined below). This summary deals only with initial purchasers of Offer Shares in the Global Offer that are US Holders that will hold the Offer Shares as capital assets. The discussion below does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Offer Shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-US or other tax laws (such as estate or gift tax laws). This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 5 per cent. or more of the shares of the Company by vote or value, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities

or currencies, investors that will hold the Offer Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, persons that have ceased to be US citizens or lawful permanent residents of the United States, investors holding the Offer Shares in connection with a trade or business conducted outside of the United States, US citizens or lawful permanent residents living abroad or investors whose functional currency is not the US Dollar).

As used herein, the term “**US Holder**” means a beneficial owner of Offer Shares that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds Offer Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for US federal income tax purposes should consult their tax advisers concerning the US federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Offer Shares by the partnership.

Except as otherwise noted, the summary assumes that the Company is not a passive foreign investment company (a “**PFIC**”) for US federal income tax purposes. The Company’s possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any taxable year during which a US Holder holds Offer Shares, material adverse consequences could result for such US Holder. See “—*Passive Foreign Investment Company Considerations*” in this Part XVII.

This summary is based on the tax laws of the United States, including the US Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Dividends

General. Subject to the PFIC rules discussed below, distributions paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes) generally will be taxable to a US Holder as ordinary dividend income and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder’s basis in the Offer Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution by the Company with respect to Offer Shares will be reported as ordinary dividend income. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

Dividends paid by the Company generally will be taxable to a non-corporate US Holder at the reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the income tax treaty between the United States and the United Kingdom, is not treated as a PFIC in the taxable year in which the dividends are received or in the preceding taxable year, and certain other requirements are met.

Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to dividends on the Offer Shares.

Dividends Paid in Pounds Sterling. Dividends paid in Pounds Sterling will be included in income in a US Dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the Pounds Sterling are converted into US Dollars at that time. If dividends received in Pounds Sterling are converted into US Dollars on the day they are received, the US

Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

Sale or Other Taxable Disposition

Subject to the PFIC rules discussed below, upon a sale or other taxable disposition of Offer Shares, a US Holder generally will recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other taxable disposition and the US Holder's adjusted tax basis in the Offer Shares, in each case as determined in US Dollars. This capital gain or loss will be long-term capital gain or loss if the US Holder's holding period in the Offer Shares exceeds one year. Non-corporate US Holders are subject to tax on long-term capital gain at reduced rates. The deductibility of capital losses is subject to limitations. Any gain or loss recognised from the sale or other taxable disposition of Offer Shares generally will be US source. US Holders should consult their own tax advisers about how to account for amounts received on the sale or other taxable disposition of Offer Shares that are not paid in US Dollars.

Passive Foreign Investment Company Considerations

A non-US corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules", either (i) at least 75 per cent. of its gross income is "passive income" or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. For this purpose, "passive income" generally includes, among other things, interests, dividends, rents and royalties.

The Company does not believe that it should be treated as a PFIC for US federal income tax purposes for its current taxable year or in the foreseeable future, but the Company's possible status as a PFIC must be determined annually and therefore may be subject to change. This determination will depend in part on whether the Company continues to earn substantial amounts of operating income, as well as on the market valuation of the Company's assets and the Company's spending schedule for its cash balances and the proceeds of the Global Offer. If the Company were to be treated as a PFIC, US Holders of Offer Shares would be required (i) to pay a special US addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of Offer Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Additionally, dividends paid by the Company would not be eligible for the special reduced rate of tax described above under "*—Dividends—General*". Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

Backup Withholding and Information Reporting

Payments of dividends on Offer Shares and proceeds from the sale or other taxable disposition of Offer Shares by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain US Holders are not subject to backup withholding. US Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Offer Shares, including requirements related to the holding of certain "specified foreign financial assets".

PART XVIII

THE GLOBAL OFFER

1 Summary of the Global Offer

Pursuant to the Global Offer, the Company intends to issue 87,835,796 New Shares, raising proceeds of approximately £338.9 million, net of underwriting commissions (including the maximum amount of any discretionary commissions) and other estimated Offer-related fees and expenses of approximately £21.2 million. The New Shares will represent approximately 13.21 per cent. of the expected issued Ordinary Share capital of the Company immediately following Admission.

Approximately 120,859,856 Sale Shares are expected to be sold by the Selling Shareholders in the Global Offer, pursuant to which the Company expects the Selling Shareholders to raise aggregate proceeds of up to approximately £475.7 million, net of underwriting commissions (including the maximum amount of any discretionary commissions) and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Global Offer of approximately £2.5 million. In addition, a further 31,304,348 Over-allotment Shares are being made available by the Over-allotment Shareholders pursuant to the Over-allotment Option described below.

The maximum number of Offer Shares comprised in the Global Offer represents approximately 36.09 per cent. of the issued Ordinary Share capital of the Company immediately following Admission.

The Global Offer is being made: (i) to certain institutional and professional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S; and (ii) to persons reasonably believed to be QIBs in the United States in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Under the Global Offer, all of the Offer Shares will be issued or sold, payable in full, at the Offer Price. Certain restrictions that apply to the distribution of this Prospectus and the Offer Shares being issued or sold under the Global Offer in jurisdictions outside the United Kingdom are described in paragraph 13 of this Part XVIII: “*The Global Offer — Selling and Transfer Restrictions*”.

The Global Offer is fully underwritten by the Underwriters, in accordance with the terms of the Underwriting Agreement, and is subject to satisfaction of the conditions set out in the Underwriting Agreement, including Admission occurring and becoming effective by no later than 8.00 a.m. (London time) on 18 May 2021 or such later time and/or date as the Company and the Joint Global Co-ordinators may agree (being no later than 30 June 2021, and to the Underwriting Agreement not having been terminated in accordance with its terms.

When admitted to trading on the London Stock Exchange, the Ordinary Shares will be registered with ISIN GB00BNDRMJ14, SEDOL number BNDRMJ1 and it is expected that the Ordinary Shares will trade under the symbol “AWE”. The rights attaching to the Ordinary Shares will be uniform in all respects and they will form a single class for all purposes.

Immediately following Admission, it is expected that not less than 25 per cent. of the Company’s issued Ordinary Share capital will be held in public hands (within the meaning of Listing Rule 14.2.2).

The terms of the Global Offer are subject to change, and any terms to be varied shall be agreed between the Company, the Majority Shareholders and the Joint Global Co-ordinators (on behalf of the Underwriters).

2 Reasons for the Global Offer

The Directors believe the Global Offer and Admission will position the Company for its next stage of development by:

- continuing to preserve operating neutrality by minimising exposure to the current geopolitical environment;
- providing the Group with a platform for continued growth into new technologies and key geographies, including Europe, the United Kingdom and Asia, while being able to continue to service the North American market;
- enhancing its public profile and generating brand awareness in a market that understands the global scope and scale of opportunity for the Group;
- providing access to a wider range of capital-raising options, which may be of use in the longer term;

- further improving its ability to cost-effectively scale, recruit, retain and incentivise its key management and employees; and
- creating a stable and liquid market in the Ordinary Shares for existing and future Shareholders.

3 Allocations

The allocation of Offer Shares among prospective investors will be determined by the Company and the Majority Shareholders, in consultation with the Joint Global Co-ordinators. A number of factors will be considered by the Company and the Majority Shareholders in determining the basis of allocation, including the level and nature of demand for Offer Shares in the Global Offer and the objective of encouraging an orderly and liquid after-market in the Ordinary Shares. If there is excess demand for Offer Shares, allocations may be scaled down and applicants may be allocated Offer Shares having an aggregate value which is less than the sum applied for. All Offer Shares issued or sold pursuant to the Global Offer will be issued or sold, payable in full, at the Offer Price. Liability for United Kingdom stamp duty and SDRT is described in Part XVII: “*Taxation*”.

Prospective investors in the Global Offer will be advised verbally or by email of their allocation as soon as practicable following pricing and allocation. Upon acceptance of any allocation, prospective investors in the Global Offer will be committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment.

The rights attaching to the Offer Shares will be uniform in all respects with all other Ordinary Shares and the Offer Shares will form a single class for all purposes with the other Ordinary Shares. The Offer Shares to be allocated under the Global Offer have been underwritten, subject to certain conditions, by the Underwriters, as described in paragraph 10 of this Part XVIII: “*The Global Offer — Underwriting Arrangements*” and in paragraph 13.1 of Part XIX: “*Additional Information — Material Contracts — Underwriting Agreement*”.

Upon accepting any allocation, prospective investors will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment. Dealing may not begin before notification is made.

Each investor will be required to pay the Offer Price for the Offer Shares sold to such investor in such manner as shall be directed by the Joint Global Co-ordinators.

Completion of the Global Offer will be subject to the satisfaction of conditions contained in the Underwriting Agreement, including Admission occurring and the Underwriting Agreement not having been terminated. The Global Offer cannot be terminated after Admission.

4 Cornerstone Investors

On 21 April 2021, the Company entered into cornerstone investment agreements with certain funds and accounts under the management of BlackRock and Henderson Global Investors Limited (the “**Cornerstone Investors**”) who have, subject to certain conditions, agreed to subscribe for Offer Shares as part of the Global Offer (the “**Cornerstone Investment Agreements**”). Subject to the terms of the Cornerstone Investment Agreements, the Cornerstone Investors have agreed to subscribe for, in aggregate, approximately USD \$510 million of Offer Shares at the Offer Price, consisting of a commitment of USD \$390.4 million from certain funds and accounts under the management of BlackRock and GBP £85.2 million from Henderson Global Investors Limited (each a “**Cornerstone Commitment**”).

The following table sets out the number of Offer Shares each Cornerstone Investor committed to subscribe for pursuant to its Cornerstone Commitment.

	Number of Offer Shares	Percentage interest in the Company immediately following Admission
Certain funds and accounts under the management of BlackRock	67,934,088	10.22
Henderson Global Investors Limited	20,780,487	3.13
Total	<u>88,714,575</u>	<u>13.34</u>

The Cornerstone Investors will, subject to certain conditions, subscribe for Offer Shares pursuant to, and as part of, the Global Offer. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu*

with the other Ordinary Shares issued and sold in the Global Offer. No special rights have been granted to the Cornerstone Investors pursuant to the Cornerstone Investment Agreements. The Cornerstone Investment Agreements contain customary certifications and undertakings from each Cornerstone Investor as to such Cornerstone Investor's identity and its ability to subscribe for the Offer Shares. The Cornerstone Investment Agreements also contain certain representations, warranties and undertakings from the Company in favour of the relevant Cornerstone Investors. The Cornerstone Investment Agreements will, amongst other things, terminate if Admission has not occurred on or before 30 June 2021. The Cornerstone Investment Agreements are governed by English law. For more information, see paragraph 13.3 of Part XIX: "*Additional Information — Material Contracts — Cornerstone Investment Agreements*".

5 Representations and Warranties

Each investor and, in the case of paragraph (g) below, any person confirming his agreement to acquire Ordinary Shares on behalf of an investor or authorising the Underwriters to notify an investor's name to the Registrar in connection with the Global Offer, is deemed to represent, warrant and acknowledge to each of the Underwriters, the Registrar, the Selling Shareholders and the Company that:

- (a) if the investor is a natural person, such investor is not under the age of majority in the jurisdiction where they are located (18 years of age in the United Kingdom) on the date of such investor's application to subscribe for or purchase Offer Shares under the Global Offer and will not be any such person on the date any such application is accepted;
- (b) in agreeing to purchase Offer Shares under the Global Offer, the investor is relying on this Prospectus and, if applicable, any supplementary prospectus, and not on any other information or representation concerning the Company, the Ordinary Shares or the Global Offer. Such investor agrees that none of the Company, the Selling Shareholders, the Underwriters, the Registrar nor any of their respective officers or directors will have any liability for any such other information or representation. The investor irrevocably and unconditionally waives any rights it may have in respect of any other information or representation. This paragraph (b) shall not exclude any liability for fraudulent misrepresentation;
- (c) the content of this Prospectus is exclusively the responsibility of the Company and its Directors and none of the Selling Shareholders, the Underwriters, the Registrar nor any person acting on behalf of any of them nor any of their respective employees, directors, officers, agents or affiliates is responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company, and none of the Selling Shareholders, the Underwriters, the Registrar nor any person acting on behalf of any of them nor any of their respective employees, directors, officers, agents or affiliates will be liable for any decision by an investor to participate in the Global Offer based on any information, representation or statement contained in this Prospectus, any supplementary prospectus or otherwise. The investor irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (d) the investor has not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this Prospectus, any supplementary prospectus or their investment decision; it has relied only on the information contained in this Prospectus and any supplementary prospectus;
- (e) it is a person to whom it is lawful for the offer of Offer Shares to be made under the terms of the jurisdiction in which that investor is located;
- (f) it is entitled to subscribe for or purchase Ordinary Shares under the laws of all relevant jurisdictions which apply to it; it has fully observed such laws and obtained all governmental and other consents which may be required under such laws and complied with all necessary formalities; it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction, save for the stamp duty/stamp duty reserve tax that the Selling Shareholders have agreed to be liable for; and it has not taken any action or omitted to take any action which will or may result in any of the Selling Shareholders, the Company, the Underwriters, the Registrar or any of their respective affiliates, directors, officers, agents, employees or advisers acting in breach of the legal and regulatory requirements of any jurisdiction in connection with the Global Offer or, if applicable, its acceptance of or participation in the Global Offer;
- (g) in the case of a person who confirms to the Underwriters on behalf of an investor an agreement to acquire Offer Shares and/or who authorises the Underwriters to notify the investor's name to the Registrar that person represents and warrants that it has authority to do so on behalf of the investor;

- (h) the investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the UK Finance Act 1986 (depository receipts and clearance services);
- (i) it will pay to the Underwriters (or as they may direct) any amounts due from it in accordance with this Prospectus on the due time and date set out herein; and
- (j) the Company, the Selling Shareholders, the Underwriters and the Registrar will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings.

6 Dealing Arrangements on the London Stock Exchange

The Global Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for an agreement of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors and the Underwriters. Further details of the Underwriting Agreement are described in paragraph 13.1 of Part XIX: “*Additional Information — Material Contracts — Underwriting Agreement*”.

Application will be made to the FCA for the Ordinary Shares to be admitted to the standard listing segment of the Official List and to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities.

It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 18 May 2021. Settlement of dealings from that date will be on a two-day rolling basis. Prior to Admission, it is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange on 13 May 2021. The earliest date for such settlement of such dealings will be 18 May 2021. **All dealings in the Ordinary Shares between the commencement of conditional dealings and the commencement of unconditional dealings will be on a “when issued” basis. If the Global Offer does not become unconditional in all respects, any such dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice.**

When admitted to trading, the Ordinary Shares will be registered with ISIN GB00BNDRMJ14 and SEDOL number BNDRMJ1 and will trade under the symbol “AWE”.

It is intended that Offer Shares allocated to investors who wish to hold shares in uncertificated form will take place through CREST on Admission. It is intended that, where applicable, definitive share certificates in respect of the Global Offer will be despatched by the Registrar. Share certificates are not required to be sent to JerseyCo in respect of the Underlying Shares that it owns from time to time. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

In connection with the Global Offer, any of the Underwriters and any of their respective affiliates acting as an investor for its or his or her own account may retain, purchase, sell, offer to sell or otherwise deal for its or his or her own account(s) in the Offer Shares, any other securities of the Company or related investments in connection with the Global Offer or otherwise. Accordingly, references in this Prospectus to the Offer Shares being offered or otherwise dealt with should be read as including any offer to, or dealing by, the Underwriters and any of their respective affiliates acting as an investor for its or his or her own account(s). Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

7 Over-Allotment and Stabilisation

In connection with the Global Offer, Barclays Capital Securities Limited, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares or effect other stabilisation transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such stabilisation transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings in the Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. There is no assurance that stabilising transactions will be undertaken. Such transactions, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its

agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Global Offer.

In connection with the Global Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 15 per cent. of the total number of Offer Shares comprised in the Global Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Ordinary Shares effected by it during the stabilising period, the Over-allotment Shareholders have granted to it the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for up to 31,304,348 additional Ordinary Shares (representing up to 15 per cent. of the total number of Offer Shares comprised in the Global Offer) at the Offer Price. The Over-allotment Option is exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares, will be purchased on the same terms and conditions as the Ordinary Shares being issued or sold in the Global Offer and will form a single class for all purposes with the other Ordinary Shares.

8 Stock Lending Agreement

In connection with the Over-allotment Option, the Stabilising Manager will enter into the Stock Lending Agreement with each of Pitech Investments Inc., Jeevan Capital Inc., 2641239 Ontario, Inc. and July Twelve Capital Limited, pursuant to which the Stabilising Manager, on Admission, will be able to borrow up to 31,304,348 Ordinary Shares for the purposes, amongst other things, of allowing the Stabilising Manager to settle, at Admission, over-allotments of Ordinary Shares, if any, made in connection with the Global Offer. If the Stabilising Manager borrows any Ordinary Shares pursuant to the Stock Lending Agreement, it will be required to return equivalent securities to the relevant lender in accordance with the terms of the Stock Lending Agreement.

9 CREST

CREST is a paperless settlement system in the United Kingdom enabling securities to be evidenced otherwise than by a certificate and to be transferred otherwise than by a written instrument. The Articles permit the holding of Ordinary Shares under the CREST system and the Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system, if any Shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. An investor applying for Offer Shares in the Global Offer may, however, elect to receive Offer Shares in uncertificated form if that investor is a system-member (as defined in the Uncertificated Securities Regulations) in relation to CREST.

10 Underwriting Arrangements

The Underwriters have entered into commitments under the Underwriting Agreement pursuant to which they have agreed, on the terms and subject to certain conditions contained in the Underwriting Agreement (which are customary in agreements of this nature), to use their reasonable endeavours to procure purchasers for the Offer Shares or, failing which, to purchase or subscribe for such Offer Shares themselves in their agreed proportions at the Offer Price. Further details of the terms of the Underwriting Agreement are set out in paragraph 13.1 of Part XIX: “*Additional Information — Material Contracts — Underwriting Agreement*”.

11 Lock-Up Arrangements

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Co-ordinators, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement, the Majority Shareholders and the Directors have agreed that, subject to certain exceptions, during the period of 365 days from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, offer, sell or contract to sell, or otherwise dispose of, directly

or indirectly, or announce an offer of any Ordinary Shares (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Deeds of Election, the Minority Shareholders, whether or not they have elected to make available for sale in the Offer any Shares, have agreed that, subject to certain exceptions, during a period of 365 days from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, offer, sell or contract to sell, or otherwise transfer or dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

12 Orderly Marketing Agreement

On 13 May 2021, The Tony Pialis (2017) Family Trust, The Rajeevan Mahadevan (2017) Family Trust, 2641239 Ontario Inc., Sutardja Family LLC and July Twelve Capital Limited entered into an agreement amongst themselves regulating the disposal of Ordinary Shares by any of them for a period of 360 days following the end of the lock-up period described in paragraph 11 above, such that any disposals of Ordinary Shares in this period may be coordinated and conducted in an orderly manner. The agreement terminates with immediate effect: (i) with respect to a particular party, if that party ceases to have an interest in 3 per cent. or more of the Ordinary Shares in issue from time to time; and (ii) with respect to all parties, if they cease to have an aggregate interest in 20 per cent. or more of the Ordinary Shares in issue from time to time.

13 Selling and Transfer Restrictions

The distribution of this Prospectus and the offer of Offer Shares in certain jurisdictions may be restricted by law and, therefore, persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Offer Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

No action has been taken or will be taken in any jurisdiction that would permit a public offering or sale of the Offer Shares, or possession or distribution of this Prospectus (or any other offering or publicity material relating to Ordinary Shares) in any country or jurisdiction where action for that purpose is required or doing so may be restricted by law.

None of the Offer Shares may be offered for subscription, sale or purchase or be delivered, and this Prospectus and any other offering material in relation to the Offer Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission or to make any application, filing or registration.

Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and any offering of the Offer Shares. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to acquire any of the Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

European Economic Area

In relation to each Member State of the European Economic Area, an offer to the public of any Offer Shares may not be made in that Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the EU Prospectus Regulation, except that the Offer Shares may be offered to the public in that Member State at any time under the following exemptions under the EU Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under the EU Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Offer Shares shall result in a requirement for the Company or the Underwriters to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation and each person who initially acquires Offer Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Underwriters, the Selling Shareholders and the Company that it is a “qualified investor” within the meaning of the EU Prospectus Regulation.

For the purposes of this provision, the expression “an offer of Offer Shares to the public” in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the Global Offer and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5 of the EU Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Global Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Shares to the public in a Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that or, where appropriate, approved in another Member State and notified to the competent authority in the Member State, all in accordance with the EU Prospectus Regulation, other than their offer or resale to Qualified Investors or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, the Underwriters and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the consent of the Underwriters, be permitted to purchase Offer Shares in the Global Offer.

United States

The Ordinary Shares have not been and will not be registered under the US Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered, sold, pledged or otherwise transferred in the United States except to persons reasonably believed to be QIBs, as defined in, and in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Global Offer, an offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Global Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

The Underwriters may directly or through their respective United States broker-dealer affiliates arrange for the offer and resale of Ordinary Shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

Each purchaser of Offer Shares in the United States will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (a) it is (i) a QIB, (ii) acquiring the Offer Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth in this paragraph (a), (iii) acquiring the Offer Shares for investment purposes, and not with a view to further distribution of such Offer Shares and (iv) aware, and each beneficial owner of the Offer Shares has been advised, that the sale of the Offer Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
- (b) it understands and agrees that the Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred, except (i)(1) to a person whom the purchaser and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (2) in an

offshore transaction complying with Rule 903 or Rule 904 of Regulation S, (3) pursuant to an exemption from the registration requirements of the US Securities Act provided by Rule 144 thereunder (if available) or (4) pursuant to an effective registration statement under the US Securities Act and (ii) in accordance with all applicable securities laws of any state, territory or other jurisdiction of the United States;

- (c) it acknowledges that the Offer Shares (whether in physical, certificated form or in uncertificated form held in CREST) are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act, that the Offer Shares are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of Offer Shares;
- (d) it understands that, in the event Offer Shares are held in certificated form, such certificated Offer Shares will bear a legend substantially to the following effect:

“THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “**US SECURITIES ACT**”), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT: (A) IN A TRANSACTION IN ACCORDANCE WITH RULE 144A UNDER THE US SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER; (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT; (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT PROVIDED BY RULE 144 (IF AVAILABLE); OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR REALES OF THIS SECURITY. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE US SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND EACH PURCHASER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS”;

- (e) notwithstanding anything to the contrary in the foregoing, it understands that Offer Shares may not be deposited into an unrestricted depository receipt facility in respect of Ordinary Shares established or maintained by a depository bank unless and until such time as such Offer Shares are no longer “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act;
- (f) any resale made other than in compliance with the above-stated restrictions shall not be recognised by the Company;
- (g) it agrees that it will give to each person to whom it transfers Offer Shares notice of any restrictions on transfer of such Offer Shares; and
- (h) it acknowledges that the Company, the Selling Shareholders, the Underwriters and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company, and, if it is acquiring any Offer Shares as a fiduciary or agent for one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Regulation S Transfer Restrictions

Each purchaser of Offer Shares outside the United States in accordance with Regulation S will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (a) it is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

- (b) it acknowledges (or, if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Ordinary Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- (c) it and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares is subscribing or purchasing the Offer Shares in an offshore transaction meeting the requirements of Regulation S; and
- (d) the Company, the Selling Shareholders, the Underwriters and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company, and, if it is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

United Kingdom

No Offer Shares have been or will be offered pursuant to the Global Offer to the public in the United Kingdom prior to the publication of this Prospectus which has been approved by the FCA, except that the Offer Shares may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or
- (c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Ordinary Shares shall require the Company, the Selling Shareholders or the Underwriters to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person in the United Kingdom who acquires any Offer Shares in the Global Offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Banks that it is a qualified investor within the meaning of the UK Prospectus Regulation.

For the purposes of this provision, the expression “an offer of Offer Shares to the public” in relation to any Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the Global Offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares.

Australia

This Prospectus: (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (“**Corporations Act**”); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; (c) has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (“**ASIC**”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (d) may not be provided in Australia other than to select investors (“**Exempt Investors**”) who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are “wholesale clients” for the purpose of section 761G of the Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, each purchaser or subscriber of Ordinary Shares represents and warrants to the Company, the Selling Shareholders, the Underwriters and their affiliates that such purchaser or subscriber is an Exempt Investor.

As any offer of Offer Shares under this Prospectus, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Offer Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Offer Shares, each purchaser or subscriber of Offer Shares undertakes to the Company, the Selling Shareholders and the Underwriters that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Japan

The Offer Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, no Offer Shares will be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

PART XIX

ADDITIONAL INFORMATION

1 Responsibility

The Company and the Directors, whose names and principal functions are set out in Part XI: “*Directors, Senior Management and Corporate Governance*”, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

2 Incorporation

- 2.1 The Company was incorporated and registered in England and Wales on 9 December 2020 as a public company limited by shares under the Companies Act with the name Alphawave Group plc and with the registered number 13073661. The Company was renamed Alphawave IP Group plc on 1 April 2021.
- 2.2 The Company’s registered office and principal place of business is at 6th Floor, 65 Gresham Street, London, EC2V 7NQ, United Kingdom. The Company’s telephone number is +44 (0) 207 717 5877.
- 2.3 The principal laws and legislation under which the Company operates and the Ordinary Shares have been created are the Companies Act and the regulations issued thereunder.
- 2.4 The business of the Company, and its principal activity, is to act as the ultimate holding company of the Group.
- 2.5 On 1 March 2021, the Company entered into the PLC/Inc Loan Agreement.

3 Share Capital

The share capital history of the Company is as follows:

- 3.1 On incorporation, the issued share capital of the Company was £1 consisting of 1 Ordinary Share of nominal value of £1, which was issued to Hackwood Secretaries Limited. On 11 January 2021, the single Ordinary Share was transferred, and 50,000 preference shares of nominal value of £1 (the “**Subscription Preference Shares**”) were issued, to John Lofton Holt.
- 3.2 The Subscription Preference Shares are non-voting, carry no rights to conversion into Ordinary Shares (or any other shares), no rights to dividends and are and will remain unlisted. Each Subscription Preference Share will:
 - 3.2.1 carry a liquidation preference equal to their initial subscription amount; and
 - 3.2.2 be subject to redemption at the option of the Company at any time for an amount equal to their initial subscription amount.
- 3.3 It is intended that the 50,000 Subscription Preference Shares will be redeemed by the Company on or shortly after Admission.
- 3.4 On Admission, the Company will allot and issue 221,217 Ordinary Shares in aggregate to the Non-Executive Directors. The subscription price for these Ordinary Shares will be equal to the Offer Price but will not constitute part of the Global Offer.
- 3.5 On 12 May 2021, by a resolution of members passed at a general meeting of shareholders of the Company, it was resolved that:
 - 3.5.1 the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act, in substitution for all prior authorities conferred upon them, to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares in the Company as follows:
 - (a) up to 563,859,060 new Ordinary Shares pursuant to the terms of the Share Exchange Agreement and as part of the Pre-IPO Reorganisation;
 - (b) up to 87,835,796 new Ordinary Shares to investors pursuant to the Global Offer; and
 - (c) up to 221,217 new Ordinary Shares to the Non-Executive Directors,

such authorities to expire immediately upon Admission but, in each case, so that the Company may, before such expiry, make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority given by this resolution has expired;

3.5.2 conditional on Admission, the Directors be generally and unconditionally authorised, pursuant to and in accordance with section 551 of the Companies Act, in substitution for all prior authorities conferred upon them, to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:

- (a) up to 219,438,750 Ordinary Shares (representing approximately 33 per cent of the nominal issued ordinary share capital of the Company (excluding treasury shares) immediately following the issue of shares pursuant to paragraph 3.5.1 above); and
- (b) comprising equity securities (as defined in section 560(1) of the Companies Act) up to a further 219,438,750 Ordinary Shares (representing approximately 33 per cent of the nominal issued ordinary share capital of the Company (excluding treasury shares) immediately following the issue of shares pursuant to paragraph 3.5.1 above) in connection with an offer by way of a rights issue,

such authorities to expire at the end of the next annual general meeting of the Company or on 30 June 2022, whichever is the earlier, but in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any securities into shares to be granted after the authority given by this resolution has expired.

3.5.3 the Directors be authorised to allot equity securities (as defined in section 560(1) of the Companies Act) wholly for cash:

- (a) pursuant to the authority referred to in paragraph 3.5.1 above;
- (b) pursuant to the authority referred to in paragraph 3.5.2(a) above, or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Companies Act, in each case,
 - (I) in connection with a pre-emptive offer; and
 - (II) otherwise than in connection with a pre-emptive offer, up to 33,248,290 Ordinary Shares (representing five per cent. of the nominal issued ordinary share capital of the Company (excluding treasury shares) immediately following the issue of shares pursuant to paragraph 3.5.1 above); and
- (c) pursuant to the authority referred to in paragraph 3.5.2(b) above in connection with a rights issue,

as if section 561(1) of that Act did not apply to the allotment, such authority to expire at the end of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier, but so that the Company may, before such expiry, make offers and enter into agreements during this period which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this resolution has expired and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the authority had not expired;

3.5.4 subject to the passing of the authorities referred to in paragraphs 3.5.1 and 3.5.2 above and in addition to any authority granted under paragraph 3.5.3 above, the Directors be authorised to allot equity securities (as defined in section 560(1) of the Companies Act) wholly for cash pursuant to the authority referred to in paragraphs 3.5.1 and 3.5.2 above or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Companies Act as if section 561(1) of that Act did not apply any such allotment, such authority to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to 33,248,290 Ordinary Shares (representing five per cent. of the nominal issued ordinary share capital of the Company immediately following the issue of shares pursuant to paragraph 3.5.1 above); and

- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of general meeting at which these resolutions were passed,

such authority to expire at the end of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier, but so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this resolution has expired and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the authority had not expired;

3.5.5 conditional on Admission, the Company be unconditionally and generally authorised for the purposes of section 701 of the Companies Act to make market purchases (as defined in Section 693 of the Companies Act) of Ordinary Shares, subject to the following conditions:

- (a) the number of Ordinary Shares authorised to be purchased may not be more than the number equal to 10 per cent. of the nominal amount of the issued share capital of the Company immediately following the issue of shares pursuant to paragraph 3.5.1 above);
- (b) the minimum price which may be paid for an Ordinary Share is the nominal value of an Ordinary Share; and
- (c) the maximum price which may be paid for an Ordinary Share is an amount equal to the higher of: (a) 105 per cent. of the closing price of the Company's Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which a share is contracted to be purchased; and (b) the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as stipulated by Regulatory Technical Standards as referred to in article 5(6) of the Market Abuse Regulation,

such authority to expire on the earlier of the date of the annual general meeting of the Company held in 2022 or, if earlier, on 30 June 2022, (except in relation to the purchase of shares the contract of which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to such time;

3.5.6 conditional on Admission, the terms of the proposed reduction of capital as described in paragraph 5 of this Part XIX: "*Additional Information — Reduction of Capital*" be approved; and

3.5.7 conditional on Admission, pursuant to the Companies (Shareholders' Rights) Regulations 2009 SI 2009/1632, a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

3.6 As at the date of this Prospectus, the Company did not hold any Ordinary Shares in treasury.

3.7 The Company has no convertible securities, exchangeable securities or securities with warrants in issue.

4 Pre-IPO Reorganisation

4.1 Corporate Structure

The Company was incorporated on 9 December 2020 under the laws of England and Wales.

CallCo was incorporated on 10 May 2021 under the laws of the Province of Ontario, Canada and is a wholly-owned subsidiary of the Company. ExchangeCo was incorporated on 10 May 2021 under the laws of the Province of Ontario, Canada and is a wholly-owned subsidiary of CallCo. CallCo and ExchangeCo were incorporated to support the establishment and administration of the Exchangeable Share Structure, as further described in paragraph 4.7 (*Entities involved in the Exchangeable Share Structure*) below.

JerseyCo was incorporated on 29 April 2021 to support the establishment and administration of the Exchangeable Share Structure, as further described in paragraph 4.7 (*Entities involved in the Exchangeable Share Structure*) below.

4.2 Exchangeable Share Structure

The Company will become the ultimate holding company of the Group as part of a corporate reorganisation that will take place prior to completion of the Global Offer. Such a reorganisation would typically give rise to a significant Canadian capital gains tax charge which would be payable when a non-Canadian corporation (in this case, the Company) acquires the shares of a Canadian corporation (in this case, Alphawave IP Inc.). The Company is therefore proposing to structure the reorganisation in a way that would allow eligible Canadian residents to achieve full or partial deferral of the Canadian capital gains tax charge that would otherwise arise. It will achieve this by offering such eligible Canadian residents a right to exchange their Alphawave IP Inc. shares for Exchangeable Shares rather than Ordinary Shares, as further described below.

The key attributes of the Exchangeable Shares are described in paragraph 4.5 (*The Exchangeable Shares*) below.

A fundamental principle underlying the proposed structure is that the current and new shareholders in the Group should participate *pari passu* in relation to voting, distributions and rights on liquidation, whether they hold Ordinary Shares or Exchangeable Shares.

4.3 Share Exchange Agreement

The Share Exchange Agreement will be entered into prior to the completion of the Global Offer by the Company, ExchangeCo, CallCo, Alphawave IP Inc., JerseyCo and the Alphawave Inc. shareholders. It sets out a series of transactions pursuant to which the Alphawave IP Inc. shareholders will exchange all of the issued and outstanding shares of Alphawave IP Inc. for Ordinary Shares or Exchangeable Shares, as the case may be. A high-level description of this series of transactions is set out below:

- 4.3.1 The Company will make an offer that is open to all shareholders of Alphawave IP Inc. to acquire their shares in Alphawave IP Inc. in consideration for Ordinary Shares. Shareholders who accept the offer will receive twenty Ordinary Shares for each share that they currently hold in Alphawave IP Inc.
- 4.3.2 Canadian-resident shareholders of Alphawave IP Inc. will be offered a different form of consideration, being: (i) Exchangeable Shares; and (ii) certain ancillary rights, including a right to vote in the Company through the Underlying Shares (described in paragraph 4.4 (*The Underlying Shares*) below).
- 4.3.3 Each Canadian-resident shareholder taking up this alternative offer within the specified deadline will receive twenty Exchangeable Shares for each share that it currently holds in Alphawave IP Inc. and for which it elected the Exchangeable Share offer to apply.
- 4.3.4 Upon completion of this offer, all of the issued Alphawave IP Inc. shares will be transferred either to the Company or to ExchangeCo.

4.4 The Underlying Shares

- 4.4.1 As part of the arrangements described above for the acquisition by the Company of Alphawave IP Inc., the Company will issue Ordinary Shares (hereinafter, referred to as “**Underlying Shares**”) to JerseyCo in such number as there will be Exchangeable Shares in issue.
- 4.4.2 The Underlying Shares will be issued as fully paid and will rank *pari passu* in all respects with all other Ordinary Shares (i.e. they do not constitute a separate class of share). JerseyCo will irrevocably waive its rights to all dividends and distributions declared on the Underlying Shares for so long as it holds them. JerseyCo will also agree (amongst other things): (i) to grant a power of attorney in favour of the Voting Trustee over the voting rights attaching to the Underlying Shares it holds (and the Voting Trustee will agree to exercise the voting rights attaching to the Underlying Shares according to the direction of the Exchangeable Shareholders); and (ii) to transfer the Underlying Shares (or proceeds of sale thereof) to the Exchangeable Shareholders upon the retraction or redemption of the Exchangeable Shares (as further described in paragraph 4.17 (*Exiting the Exchangeable Share Structure*) below).
- 4.4.3 The reason for issuing the Underlying Shares to JerseyCo is: (i) to allow the Exchangeable Shareholders to direct the exercise of votes at Company level; and (ii) to facilitate the redemption of Exchangeable Shares for Ordinary Shares in accordance with the terms of the Exchangeable Shares provisions, each as further described below.

4.5 The Exchangeable Shares

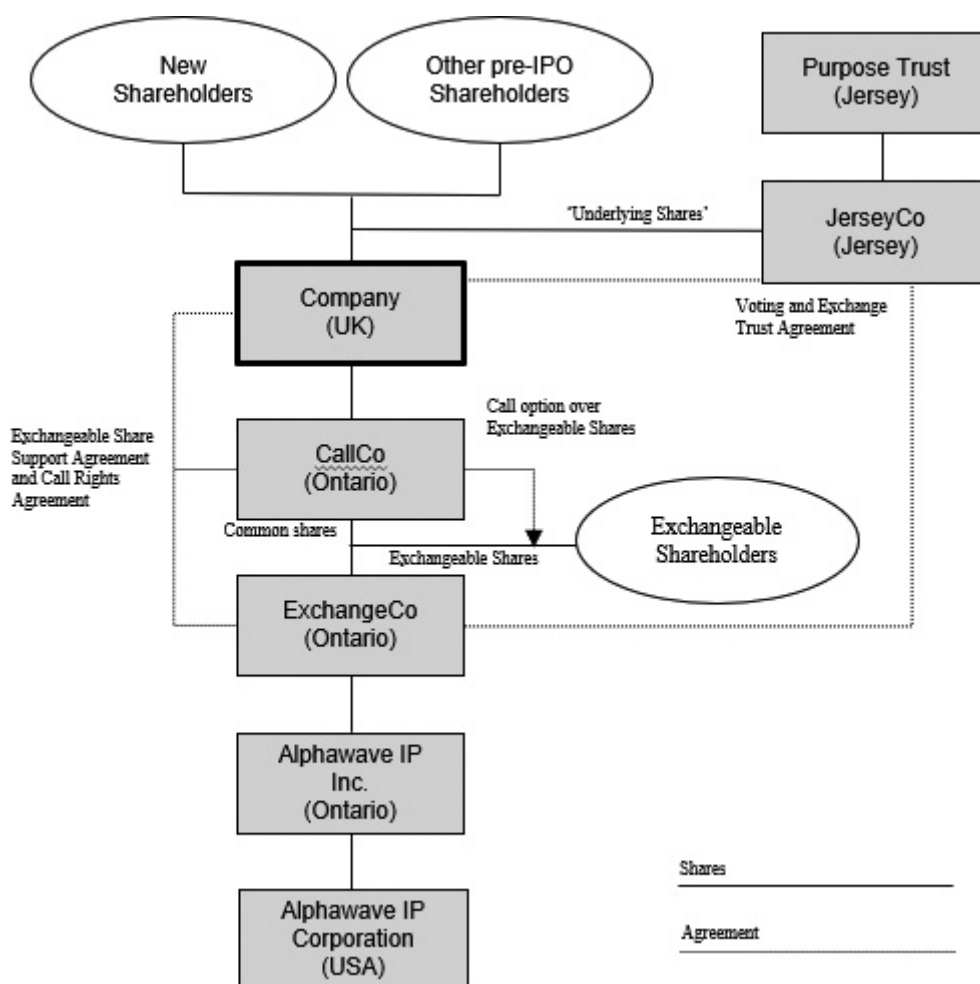
Following completion of the transactions contemplated by the Share Exchange Agreement, the share capital of ExchangeCo will comprise a class of common shares (all of which will be held by CallCo) and the Exchangeable Shares. The terms of the Exchangeable Shares are set out in the ExchangeCo Articles. As described in more detail below, each Exchangeable Share will entitle the holder to receive the applicable Exchangeable Share Transfer Price upon the redemption, retraction or purchase of such holder's Exchangeable Shares. Additionally, the Exchangeable Shares will ultimately have economic entitlements that are substantially equivalent (subject to certain differences in respect of a dividend, offering or other distribution (including a return of capital) on a share ("**Distributions**") as discussed in further detail in paragraphs 4.11 (*Distribution Rights*) and 4.19 (Economic Equivalence Payment) below) to the Ordinary Shares, including the ability to direct the voting rights attaching to one Ordinary Share for each Exchangeable Share held by that holder at any meeting of Shareholders.

Exchangeable Shares will only be issued to those Shareholders who are eligible Canadian residents and have validly elected to receive Exchangeable Shares.

Through the combination of the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement, the Exchangeable Share Support Agreement, and the Call Rights Agreement, the Exchangeable Shareholders will have, amongst others, the following rights:

- 4.5.1 the right to exchange their Exchangeable Shares at any time before the Redemption Date for the Exchangeable Share Retraction Price, subject to CallCo's Retraction Call Right (as defined in paragraph 4.17.1 below);
- 4.5.2 the right to vote at meetings of Shareholders (either in person, having been appointed as the Voting Trustee's proxy in respect of the relevant number of Ordinary Shares, or by way of a direction given to the Voting Trustee) on the basis of one vote for each Exchangeable Share outstanding; and
- 4.5.3 the right to participate in a liquidation or insolvency event of the Company on a pro rata basis with the holders of Ordinary Shares through the Automatic Exchange Right on Liquidation (as defined in paragraph 4.13.3 below).

The following diagram illustrates an overview of the Group following the Pre-IPO Reorganisation as well as the key entities and documentation involved in the Exchangeable Share Structure.



4.6 Redemption Mechanism

The process for the retraction or redemption of Exchangeable Shares (after the Effective Date) will be in accordance with the mechanisms set out below:

Step 1:

Either an Exchangeable Shareholder provides notice of its intention to retract its Exchangeable Shares or ExchangeCo provides notice to the Exchangeable Shareholder of its intention to redeem the Exchangeable Shares on the Redemption Date.

Step 2:

CallCo exercises its overriding Retraction Call Right or Redemption Call Right to acquire the Exchangeable Shares that would otherwise be retracted/redeemed. To give effect to this step, the following transactions occur:

- (a) Exchangeable Shareholders transfer their Exchangeable Shares to CallCo;
- (b) as consideration for the receipt of the Exchangeable Shares, CallCo procures the delivery of the Exchangeable Share Purchase Price by the Company. In order to procure such delivery by the Company, it may issue CallCo Shares to the Company; and
- (c) as consideration for the receipt of such CallCo Shares, the Company delivers or causes to be delivered to the (former) Exchangeable Shareholder the Exchangeable Share Purchase Price. If Ordinary Shares are to be delivered to the (former) Exchangeable Shareholder in full or partial satisfaction of the applicable Exchangeable Share Purchase Price, it is currently expected that the Company will direct JerseyCo to transfer the relevant number of Underlying Shares to the (former) Exchangeable Shareholder.

4.7 Entities involved in Exchangeable Share Structure

This section describes the various entities involved in the establishment and administration of the Exchangeable Share Structure.

4.7.1 ExchangeCo

ExchangeCo is a company incorporated under the laws of the Province of Ontario, Canada on 10 May 2021 for the purpose of implementing the Exchangeable Share Structure. It is a direct subsidiary of CallCo and its registered office address is 170 University Avenue, Suite 1001, Toronto, Ontario, Canada M5H 3B3. To date, ExchangeCo has not carried on and, following the Effective Date, will not carry on any business, except in connection with its role as a party to the Exchangeable Share Structure. The directors of ExchangeCo are Tony Pialis and Rajeevan Mahadevan.

The Company will agree in the Exchangeable Share Support Agreement that, without the prior approval of ExchangeCo and the holders of Exchangeable Shares, as long as any outstanding Exchangeable Shares are owned by any person (other than the Company or any of its affiliates), the Company will be and will remain the direct and/or indirect beneficial owner of all of the issued and outstanding voting shares in the capital of ExchangeCo.

Following the completion of the transactions contemplated by the Share Exchange Agreement, ExchangeCo's share capital will comprise common shares (all of which will be held by CallCo and, therefore, indirectly held by the Company) and the Exchangeable Shares. Holders of ExchangeCo's common shares will be entitled to receive notice of and to attend and vote at all meetings of the shareholders of ExchangeCo and will be entitled to one vote for each share held on all matters submitted to a vote of holders of ExchangeCo's common shares. Exchangeable Shareholders are not entitled to receive notice of or to attend and vote at any meeting of the shareholders of ExchangeCo, except in certain limited circumstances.

The holders of ExchangeCo's common shares are also entitled to receive such Distributions as and when declared by the directors of ExchangeCo (the "**ExchangeCo Board**") out of assets of ExchangeCo properly applicable to the payment of dividends. However, these rights are expressly subject to the prior rights of the Exchangeable Shareholders with respect to priority in the payment of Distributions to the extent that any Distributions have been declared and not paid on the Exchangeable Shares. See paragraph 4.11 (*Distribution Rights*) below for a discussion of Distributions on the Exchangeable Shares.

Upon any liquidation, dissolution or winding-up of ExchangeCo, holders of ExchangeCo's common shares are entitled to receive the remaining property and assets of ExchangeCo. Again, these rights are expressly subject to the prior rights of the Exchangeable Shareholders with respect to priority in the distribution of property and assets on a liquidation, dissolution or winding-up.

4.7.2 CallCo

CallCo is a company incorporated under the laws of the Province of Ontario, Canada on 10 May 2021 for the purpose of implementing the Exchangeable Share Structure. CallCo will hold certain call rights related to the Exchangeable Shares, as described in more detail below. To date, CallCo has not carried on and, following the Effective Date, will not carry on any business, except in connection with its role as a party to the Exchangeable Share Structure. CallCo is a wholly-owned subsidiary of the Company and its registered office address is 170 University Avenue, Suite 1001, Toronto, Ontario, Canada M5H 3B3. The directors of CallCo are Tony Pialis and Rajeevan Mahadevan.

The Company will agree in the Exchangeable Share Support Agreement that, without the prior approval of ExchangeCo and the holders of Exchangeable Shares, as long as any outstanding Exchangeable Shares are owned by a person other than the Company or any of its affiliates, the Company will be and remain the direct and/or indirect beneficial owner of all of the issued and outstanding voting shares in the capital of CallCo.

4.7.3 JerseyCo

JerseyCo is a private limited company incorporated under the laws of Jersey on 29 April 2021 to hold the Underlying Shares and to facilitate the exercise of voting rights in the Company by the holders of Exchangeable Shares. To date, JerseyCo has not carried on and, following the Effective Date, will not carry on any business except in connection with its role as a party to the Exchangeable Share Structure and the Voting and Exchange Trust Agreement. The entire issued and outstanding share capital of JerseyCo is held by Mourant Corporate Trustee (Jersey) Limited, acting in its capacity as trustee of the Project AuroraIP Purpose Trust. JerseyCo's registered office address is 22 Grenville Street, St Helier, Jersey JE4 8PX. The directors of JerseyCo are Ed Fletcher, Michael Lynam and Michal Pawlica.

The Underlying Shares will be issued to JerseyCo on the Effective Date, with the number of Underlying Shares corresponding to the number of Exchangeable Shares issued pursuant to the Share Exchange Agreement. As described more particularly below, holders of Exchangeable Shares are entitled to direct the exercise of the voting rights attaching to the Underlying Shares held by JerseyCo, either in person (having been appointed as proxy for the Voting Trustee in respect of the relevant number of the Ordinary Shares held by JerseyCo) or by a direction given to the Voting Trustee. Under the Voting and Exchange Trust Agreement, JerseyCo will irrevocably waive its rights to receive Distributions attaching to the Underlying Shares from time to time for as long as it holds such shares. JerseyCo's liability under the Voting and Exchange Trust Agreement will be limited to the value of the Underlying Shares from time to time and to other limitations.

4.7.4 Voting Trustee

The Voting Trustee under the Voting and Exchange Trust Agreement is Computershare Trust Company of Canada at its offices in Toronto, Ontario, Canada (the "**Voting Trustee**").

4.7.5 Transfer Agent

The Transfer Agent and registrar for the Exchangeable Shares will be Computershare Investor Services Inc. at its offices in Toronto, Ontario, Canada.

4.8 Security Package

4.8.1 JerseyCo will agree with the Company in the Voting and Exchange Trust Agreement to irrevocably waive its rights to Distributions on the Underlying Shares held by it from time to time for as long as it holds such shares. JerseyCo will also agree with the Company, the Voting Trustee and ExchangeCo that it will not sell or transfer the Underlying Shares except as permitted and/or directed pursuant to the Voting and Exchange Trust Agreement.

4.8.2 Further, as security for the obligations of JerseyCo under the Voting and Exchange Trust Agreement, and to ensure that the Underlying Shares held by JerseyCo remain available for the purposes for which they are intended, JerseyCo will provide the following additional protections in the Voting and Exchange Trust Agreement:

- (a) a covenant in favour of the Company that, for so long as it holds any interest in an Underlying Share, it shall not (i) carry on any business or activity, enter into any arrangement, agreement or transaction, incur any obligation or acquire or dispose of any assets other than to comply with its obligations under the Voting and Exchange Trust Agreement or the Security Agreement or (ii) create or permit to subsist any security interest in or over any of its assets (other than pursuant to a Security Agreement); and
- (b) an undertaking in favour of the Company that it shall (i) not exercise on its own behalf the voting rights attaching to the Underlying Shares it holds and (ii) for so long as it holds any interest in an Underlying Share, on each anniversary of the date of the Voting and Exchange Trust Agreement, execute such further documentation and do all such other acts or things as may be necessary or desirable to grant a power of attorney to the Voting Trustee to exercise the voting rights attaching to the Underlying Shares it holds; and
- (c) on the occurrence of an event of default (as such term is defined in the Security Agreement), (i) notify all other parties to that agreement of the occurrence of such event

and (ii) transfer all of the Ordinary Shares then held by it to such entity as the Company directs.

4.9 Key Documentation

The key documentation which underpins the Exchangeable Share Structure is as follows:

4.9.1 Share Exchange Agreement

Pursuant to the terms of the Share Exchange Agreement, the Company will (directly or indirectly) acquire all of the issued and outstanding shares of Alphawave IP Inc. in consideration for the issue by it of Ordinary Shares or by ExchangeCo of Exchangeable Shares. The terms of the offer require that the Alphawave IP Inc. shares are transferred either to the Company (following which they will be transferred to ExchangeCo) and/or directly to ExchangeCo. Eligible Canadian residents may elect to receive Exchangeable Shares and rights under the Voting and Exchange Trust Agreement instead of Ordinary Shares. Further details relating to the Share Exchange Agreement are set out in paragraph 4.3 of this Part XIX: “*Additional Information — Share Exchange Agreement*”.

4.9.2 Voting and Exchange Trust Agreement

The Voting and Exchange Trust Agreement will contain provisions under which JerseyCo and the Voting Trustee will be granted specified rights and will agree to specified obligations in relation to the voting rights attaching to the Underlying Shares, including those described in paragraph 4.12 (*Voting Rights*) below, for the benefit of the Exchangeable Shareholders from time to time. It is under this agreement that JerseyCo grants a power of attorney in favour of the Voting Trustee over the voting rights attaching to the Underlying Shares it holds, with the Voting Trustee’s interest in those voting rights and the power of attorney to be held in trust for the benefit of holders (other than the Company and its affiliates) of Exchangeable Shares from time to time (the “**Beneficiaries**”). The Voting and Exchange Trust Agreement will also contain the mechanics by which the Beneficiaries can direct the exercise of these voting rights.

4.9.3 Exchangeable Share Support Agreement

The Exchangeable Share Support Agreement will contain provisions under which the Company will agree to certain obligations, including those described in paragraph 4.18 (*Exchangeable Share Support Agreement*) below, to support the obligations of ExchangeCo and CallCo with respect to the Exchangeable Shares.

The terms of the Exchangeable Share Support Agreement are described more fully in paragraphs 4.17 (*Exiting the Exchangeable Share Structure*) and 4.18 (*Exchangeable Share Support Agreement*) below.

4.9.4 Call Rights Agreement

The Call Rights Agreement will contain provisions under which CallCo will agree to exercise its overriding Retraction Call Right, Redemption Call Right and/or Liquidation Call Right (each as defined below) whenever it is possible for it to do so. Accordingly (save where the Exchangeable Shares have been acquired by the Company or CallCo under the Automatic Exchange Right or the Automatic Exchange Right on Liquidation (as defined below)) on a redemption or retraction of Exchangeable Shares or on a liquidation, dissolution or winding-up of ExchangeCo or other distribution of the assets of ExchangeCo among its shareholders for the purpose of winding-up its affairs, the purchase of the Exchangeable Shares should always occur pursuant to CallCo exercising its overriding Retraction Call Right, Redemption Call Right and/or Liquidation Call Right, and CallCo (rather than ExchangeCo) would then acquire the Exchangeable Shares.

4.10 Further Information on the Exchangeable Shares

As described above, the Exchangeable Shares will be issued by ExchangeCo and will ultimately have economic entitlements that are substantially equivalent (subject to certain differences in respect of Distributions, as described in paragraph 4.11 (*Distribution Rights*)) to the Ordinary Shares. Exchangeable Shareholders will also be entitled, through the mechanics provided for in the Voting

and Exchange Trust Agreement, to direct the Voting Trustee as to the exercise of the votes attaching to one Ordinary Share for each Exchangeable Share held by the Exchangeable Shareholder on the same basis and in the same circumstances as if the holder held one Ordinary Share.

Further information on the rights attaching to the Exchangeable Shares (arising under the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement and the Exchangeable Share Support Agreement) is set out below.

At its option, an Exchangeable Shareholder will be able to exchange its Exchangeable Shares at any time before the Redemption Date for the Exchangeable Share Retraction Price, subject to CallCo's Retraction Call Right.

4.11 Distribution Rights

There is no current intention for Distributions to be paid on the Exchangeable Shares.

Any Distributions on the Exchangeable Shares will be at the discretion of the ExchangeCo Board. The Exchangeable Share Provisions do not specifically provide for the declaration and payment of Distributions to Exchangeable Shareholders in circumstances where Distributions are declared and paid on the Ordinary Shares.

To maintain substantial economic equivalence of the Exchangeable Shares with the Ordinary Shares, Exchangeable Shareholders will be entitled to receive the Economic Equivalence Payment (defined in paragraph 4.19 (*Economic Equivalence Payment*) below) (which relates to the Distributions declared and paid on the Ordinary Shares) in respect of each Exchangeable Share held by such holder upon the redemption, retraction or purchase of such holder's Exchangeable Shares.

4.12 Voting Rights

4.12.1 Voting Rights with respect to ExchangeCo

Except as required by applicable law and under the Exchangeable Share Provisions, Exchangeable Shareholders are not entitled to receive notice of or to attend any meeting of the shareholders of ExchangeCo or to vote at any such meeting, including, but not limited to, class votes. Exchangeable Shareholders do, however, have certain rights as regards amendments to the Exchangeable Share Provisions. See paragraph 4.16 (*Amendment and Approval*) below for further details.

4.12.2 Voting Rights with respect to the Company

Under the Share Exchange Agreement, the Company will issue such number of Underlying Shares to JerseyCo as is equal to the number of Exchangeable Shares issued pursuant to the Share Exchange Agreement. Also under that agreement, JerseyCo will grant an irrevocable power of attorney in respect of the voting rights attaching to the Underlying Shares held by it (including the power to grant proxy rights to a Beneficiary or his, her or its designee) to the Voting Trustee. Under the Voting and Exchange Trust Agreement, each Beneficiary will be entitled to direct the Voting Trustee as to the voting of such number of Underlying Shares as is equal to the then outstanding number of Exchangeable Shares held by such Exchangeable Shareholder. The Voting Trustee will exercise (either by proxy or in person) the vote attached to each Underlying Share only as directed by the relevant Beneficiary and, in the absence of instructions from a Beneficiary as to voting, will not exercise that vote.

Each Beneficiary holding Exchangeable Shares on the record date for any meeting at which Shareholders are entitled to vote will be entitled to instruct the Voting Trustee to exercise the vote attached to one Underlying Share for each Exchangeable Share held by such Beneficiary.

A Beneficiary may, upon instructing the Voting Trustee, obtain a proxy from the Voting Trustee entitling the Beneficiary to attend, speak and exercise the votes to which such Beneficiary is entitled at the relevant meeting.

4.12.3 Shareholder Materials

The Voting Trustee will use reasonable efforts to forward to the Beneficiaries (on the same day as the Company mails or otherwise sends the notice and materials to the other Shareholders) the notice of each meeting at which Shareholders are entitled to vote, together with the related

meeting materials and a statement as to the manner in which the Beneficiaries may instruct the Voting Trustee to exercise the votes attaching to the Underlying Shares held by JerseyCo. The Voting Trustee will also send to the Beneficiaries copies of all information statements, interim and annual financial statements, reports and other materials sent by the Company to Shareholders at the same time as the materials are sent to the Shareholders. The Voting Trustee will also send to the Beneficiaries all materials sent by third parties to the Shareholders (if such receipt is known by the Company), including dissident proxy circulars and tender and exchange offer circulars, as soon as reasonably practicable after the materials are delivered to the Voting Trustee. The Company will agree to deliver all such meeting and other materials to the Voting Trustee in sufficient time to permit the Voting Trustee to send all materials to each Beneficiary at the same time as such materials are sent to Shareholders.

4.13 Liquidation Rights

4.13.1 Liquidation Rights with respect to ExchangeCo

In the event of the liquidation, dissolution or winding-up of ExchangeCo or other distribution of the assets of ExchangeCo among its shareholders for the purpose of winding-up its affairs, holders of Exchangeable Shares will have, subject to applicable law, the right pursuant to the Exchangeable Share Provisions to receive the Exchangeable Share Redemption/Liquidation Price for each Exchangeable Share held. These rights of holders of Exchangeable Shares rank in preference to the rights of the holders of ExchangeCo common shares or other shares ranking junior to the Exchangeable Shares issued by ExchangeCo.

In these circumstances, pursuant to the Exchangeable Share Provisions, CallCo will have an overriding right (the “**Liquidation Call Right**”) to purchase all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by the Company and its affiliates) from the holders thereof on the liquidation date for the Exchangeable Share Purchase Price, except where the Exchangeable Shares have been acquired by the Company or CallCo under the Automatic Exchange Right provided for in the Voting and Exchange Trust Agreement.

4.13.2 Insolvency Event of ExchangeCo

Upon the occurrence of an “insolvency event” (as defined below) and notwithstanding the liquidation rights with respect to ExchangeCo described above, the Voting and Exchange Trust Agreement provides that the Company (or CallCo, should the Company so designate) shall automatically purchase from each holder of Exchangeable Shares (other than the Company and its affiliates) all of the Exchangeable Shares held by each such holder.

The purchase price payable by the Company (or CallCo) will be equal to the Exchangeable Share Purchase Price.

An “**insolvency event**” means:

- (i) the winding-up of ExchangeCo, or the institution by ExchangeCo of any proceeding to be adjudicated as bankrupt or insolvent or to be wound up, or the consent of ExchangeCo to the institution of bankruptcy, insolvency or winding-up proceedings against it;
- (ii) the filing of an application, petition, answer or consent seeking dissolution, reorganisation, or winding-up under any bankruptcy, insolvency or analogous laws, including the Companies Creditors’ Arrangement Act (Canada) and the Bankruptcy and Insolvency Act (Canada), and ExchangeCo’s failure to contest in good faith the proceedings commenced in respect of ExchangeCo within 30 days of becoming aware of the proceedings or the consent by ExchangeCo to the filing of the petition or to the appointment of a receiver;
- (iii) the making by ExchangeCo of a general assignment for the benefit of creditors, or the admission in writing by ExchangeCo of its inability to pay its debts generally as they come due; or
- (iv) ExchangeCo not being permitted, under solvency requirements of applicable law, to redeem any retracted Exchangeable Shares under the Exchangeable Share Provisions.

4.13.3 Rights with respect to the Company Liquidation

In order for the holders of Exchangeable Shares (other than the Company and its affiliates) to participate on a pro rata basis with Shareholders in the event of a Company liquidation event (being a specified event relating to the voluntary or involuntary liquidation, dissolution, winding-up or other distribution of the assets of the Company among its Shareholders for the purpose of winding-up its affairs), on the effective date of such a Company liquidation event, the Voting and Exchange Trust Agreement provides that each Exchangeable Share (other than those held by the Company and its affiliates) will automatically be purchased by the Company from each holder for the Exchangeable Share Purchase Price (the “**Automatic Exchange Right on Liquidation**”).

4.13.4 Ranking

The Exchangeable Shares will rank ahead of ExchangeCo common shares and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of ExchangeCo, whether voluntary or involuntary, or any other distribution of the assets of ExchangeCo, among its shareholders for the purpose of winding-up its affairs.

4.14 Restrictions on ExchangeCo

Without the approval of the Exchangeable Shareholders (see paragraph 4.16 (*Amendment and Approval*) below), so long as any of the Exchangeable Shares are outstanding, ExchangeCo agrees that it will not:

- (a) pay any Distributions on the common shares of ExchangeCo or any other shares ranking junior to the Exchangeable Shares, other than stock dividends payable in common shares of ExchangeCo or any such other shares ranking junior to the Exchangeable Shares, as the case may be;
- (b) redeem or purchase or make any capital distribution in respect of common shares of ExchangeCo, or any other shares ranking junior to the Exchangeable Shares;
- (c) redeem or purchase any other shares of ExchangeCo ranking equally with the Exchangeable Shares with respect to the payment of dividends or on any liquidating distribution; or
- (d) issue any Exchangeable Shares or any other shares of ExchangeCo ranking equally with, or superior to, the Exchangeable Shares other than by way of stock dividends to Exchangeable Shareholder or pursuant to a shareholders’ rights plan adopted by ExchangeCo.

These restrictions will only apply at any time when any Distributions on the outstanding Exchangeable Shares (of which none are currently contemplated) have been declared but not paid on the Exchangeable Shares.

4.15 Listing of the Exchangeable Shares

The Exchangeable Shares will not be listed on any stock exchange.

4.16 Amendment and Approval

The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be added to, changed or removed only with the approval of the holders of Exchangeable Shares.

Any approval given by the holders of Exchangeable Shares requires a resolution to be passed by not less than two-thirds of the votes cast on that resolution at a meeting of the holders of Exchangeable Shares duly called and held at which two holders holding at least 5 per cent. of the outstanding Exchangeable Shares at that time are present or represented by proxy.

If no such quorum is present at the meeting within one-half hour after the appointed time, the meeting will be adjourned to the place and time (not less than five business days later) as may be designated by the chair of the meeting. At that adjourned meeting, the holders of Exchangeable Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed at the meeting by not less than two-thirds of the votes cast on the resolution will constitute the approval or consent of Exchangeable Shareholders.

4.17 Exiting the Exchangeable Share Structure

4.17.1 Optional Retraction of Exchangeable Shares

(i) Optional Retraction by the Holder

The retraction of a share is a well understood concept in Canada and equates to a right of a shareholder to require the company in which it holds shares to redeem its shares.

Pursuant to the Exchangeable Share Provisions, at its option, a holder of Exchangeable Shares may exchange its Exchangeable Shares at any time before the Redemption Date for the Exchangeable Share Retraction Price, subject to CallCo's Retraction Call Right.

In order to exercise this right, a holder of Exchangeable Shares must deliver to ExchangeCo, at its registered office or at an office of a transfer agent specified by ExchangeCo, among other things, a written retraction request and the certificate(s) (or DRS registration, as applicable) or other evidence of ownership representing the Exchangeable Shares to be redeemed, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the by-laws of ExchangeCo, together with such additional documents, instruments and payments (including any applicable stamp taxes) as the transfer agent for the Exchangeable Shares and ExchangeCo may reasonably require.

The holder must state in the retraction request the business day on which the holder desires ExchangeCo to redeem all or any number of Exchangeable Shares that holder owns, which date must be five to ten business days after the date on which the request is received by ExchangeCo. If the holder fails to specify a business day in the request, the retraction date will be the tenth business day after the date on which the request is received by ExchangeCo.

(ii) CallCo's Retraction Call Right

In the event that a holder of Exchangeable Shares exercises this retraction right to require that ExchangeCo redeem any of its Exchangeable Shares, CallCo will have an overriding right (the "**Retraction Call Right**") pursuant to the Exchangeable Share Provisions to purchase all but not less than all of those Exchangeable Shares for a price per Exchangeable Share equal to the Exchangeable Share Purchase Price.

Upon receipt of a retraction request, ExchangeCo will immediately notify CallCo, or cause CallCo to be notified, which must then advise ExchangeCo within two business days as to whether it will exercise its Retraction Call Right. CallCo, ExchangeCo and the Company have agreed under the Call Rights Agreement that CallCo will exercise its Retraction Call Right each time a holder of Exchangeable Shares exercises its retraction right. CallCo must then notify ExchangeCo that CallCo will exercise its Retraction Call Right within two business days after notification by ExchangeCo. On exercise of the Retraction Call Right by CallCo, the retraction request will be considered only to be an offer by the holder to sell to CallCo the Exchangeable Shares identified in the retraction request.

(iii) Revocation of Retraction

A holder of Exchangeable Shares may revoke its retraction request by notice in writing served at any time prior to the close of business on the business day immediately preceding the retraction date, in which case, the Exchangeable Shares identified in the retraction request will not be purchased by CallCo (or redeemed by ExchangeCo, as the case may be). Unless the holder revokes the retraction request, the Exchangeable Shares identified in the retraction request will be purchased by CallCo (or redeemed by ExchangeCo, as the case may be) and CallCo (or ExchangeCo, as the case may be) will deliver or cause to be delivered to such holder the Exchangeable Share Purchase Price (or the Exchangeable Share Retraction Price, as the case may be).

(iv) Automatic Exchange

If, as a result of solvency requirements of applicable laws, ExchangeCo is not permitted to redeem all Exchangeable Shares tendered by a retracting holder, and CallCo is prevented from exercising its Retraction Call Right to acquire such shares, the Voting and

Exchange Trust Agreement provides that ExchangeCo will be obligated to redeem only those Exchangeable Shares tendered by the holder (rounded down to a whole number of shares) as would not be contrary to such applicable laws. In such event, the Company (or CallCo, should the Company so designate) will be required to purchase all of the Exchangeable Shares (other than Exchangeable Shares held by the Company and its affiliates) pursuant to the Automatic Exchange Right for the Exchangeable Share Purchase Price.

4.17.2 Redemption of Exchangeable Shares

On the Redemption Date, as described below, ExchangeCo will, subject to CallCo's Redemption Call Right, redeem all, but not less than all, of the then outstanding Exchangeable Shares for a price per Exchangeable Share equal to the Exchangeable Share Redemption/Liquidation Price.

(i) Redemption Date

The "**Redemption Date**" for the Exchangeable Shares means the date established by the ExchangeCo Board for the redemption by ExchangeCo of all, but not less than all, of the outstanding Exchangeable Shares upon the occurrence of any of the following events:

- (A) the number of outstanding Exchangeable Shares (excluding Exchangeable Shares held by the Company and its affiliates) is fewer than 10 per cent. of the Exchangeable Shares issued on the Effective Date (subject to any adjustment deemed appropriate by the ExchangeCo Board to give effect to any subdivision or consolidation of, or stock dividend on, the Exchangeable Shares or other specified events);
- (B) each of the following occurs: (1) a matter arises on which the holders of Exchangeable Shares are entitled to vote as shareholders of ExchangeCo (other than a matter described in (c) below, and excluding any matter in respect of which holders of Exchangeable Shares are entitled to vote in their capacity as Beneficiaries under the Voting and Exchange Trust Agreement) (an "**Exchangeable Share Voting Event**"); (2) the ExchangeCo Board has determined, in good faith and in its sole discretion, that it is not reasonably practicable to accomplish the business purpose intended by the matter (which business purpose must be bona fide and not for the primary purpose of causing the occurrence of the Redemption Date) in any other commercially reasonable manner that does not result in the occurrence of an Exchangeable Share Voting Event; and (3) the holders of Exchangeable Shares fail to take the necessary action at a meeting or other vote of the holders of Exchangeable Shares to approve or disapprove, as applicable, the Exchangeable Share Voting Event, in which case the Redemption Date will be the business day following the day on which the holders of Exchangeable Shares failed to take such action or such other date as the ExchangeCo Board may reasonably determine;
- (C) each of the following occurs: (1) a matter arises on which the holders of Exchangeable Shares are entitled to vote as shareholders of ExchangeCo in order to approve any change to, or in the rights of the holders of, the Exchangeable Shares; (2) the change is necessary to maintain the substantial economic equivalence of the Exchangeable Shares and the Ordinary Shares; and (3) the holders of Exchangeable Shares fail to take the necessary action at a meeting or other vote of the holders of Exchangeable Shares to approve or disapprove, as applicable, the change, in which case, the Redemption Date will be the business day following the day on which the holders of Exchangeable Shares failed to take the necessary action or such other date as the ExchangeCo Board may reasonably determine; or
- (D) a Company Control Transaction (as defined below) occurs, provided that the ExchangeCo Board determines, in good faith and in its sole discretion, that it is not practicable to substantially replicate the terms and conditions of the Exchangeable Shares in connection with the Company Control Transaction or that the redemption of all, but not less than all, of the outstanding Exchangeable Shares (other than those held by the Company and its affiliates) is necessary to

enable the completion of the Company Control Transaction in accordance with its terms.

(ii) Notice of Redemption

ExchangeCo must notify the holders of Exchangeable Shares in writing at least 30 days before the proposed Redemption Date, in the case of a redemption described in (A) above. In the case of a redemption described in (B), (C) or (D) above, ExchangeCo must give written notice on or before the Redemption Date on as many days' notice as the ExchangeCo Board determines to be reasonably practicable in the circumstances. However, the accidental failure or omission to give notice of a redemption described under (A), (B), (C) or (D) above will not invalidate the redemption.

(iii) CallCo's Redemption Call Right

On the Redemption Date, pursuant to the Exchangeable Share Provisions, CallCo will have an overriding right to purchase (the "**Redemption Call Right**") all, but not less than all, of the outstanding Exchangeable Shares (other than those held by the Company and its affiliates) for a price per Exchangeable Share equal to the Exchangeable Share Purchase Price.

CallCo, ExchangeCo and the Company will agree under the Call Rights Agreement that CallCo will exercise its Redemption Call Right on the Redemption Date. Upon the exercise of the Redemption Call Right by CallCo, each holder of Exchangeable Shares (other than the Company and its affiliates) will be obligated to sell to CallCo, on the Redemption Date, all of the Exchangeable Shares held by such holder on payment of the purchase price therefore, and ExchangeCo will have no obligation to redeem such shares so purchased by CallCo.

4.17.3 ExchangeCo Purchase for Cancellation

ExchangeCo may also, at any time and from time to time, purchase for cancellation all or any part of the Exchangeable Shares then outstanding at any price by tender to all the holders of outstanding Exchangeable Shares at any price per share.

4.18 Exchangeable Share Support Agreement

The Exchangeable Share Support Agreement effectively underpins the obligations of ExchangeCo and CallCo towards the holders of Exchangeable Shares by imposing obligations on the Company to provide support to ExchangeCo and to CallCo in connection with their respective obligations.

4.18.1 Summary of Key Obligations

Pursuant to the Exchangeable Share Support Agreement, for so long as any Exchangeable Shares (other than Exchangeable Shares owned by the Company or its affiliates) remain outstanding:

In respect of a liquidation of ExchangeCo, a retraction request or a redemption,

- (a) the Company will take all actions and do all things reasonably necessary or desirable to enable and permit ExchangeCo, in accordance with applicable laws, to pay and otherwise perform its obligations arising upon the liquidation, dissolution or winding-up or any other distribution of the assets of ExchangeCo among its shareholders for the purpose of winding-up its affairs or in the event of a retraction request by a holder of Exchangeable Shares or a redemption of Exchangeable Shares, as the case may be, including all actions and things that are necessary or desirable to enable and permit ExchangeCo to deliver or cause to be delivered Ordinary Shares to the holders of Exchangeable Shares together with a payment in cash for any amount in respect of an Economic Equivalence Payment or declared and unpaid Distributions where obligated to do so;
- (b) the Company will take all actions and do all things reasonably necessary or desirable to enable and permit CallCo, in accordance with applicable laws, to pay or otherwise perform its obligations arising upon the exercise by it of its overriding call rights, including all actions and things as are necessary or desirable to enable and permit CallCo to deliver or cause to be delivered Ordinary Shares to the holders of Exchangeable Shares, together with

a payment in cash for any amount in respect of an Economic Equivalence Payment or declared and unpaid Distributions where obligated to do so; and

- (c) the Company will ensure that CallCo (or its affiliates) does not exercise its vote as a shareholder to initiate the voluntary liquidation, dissolution or winding-up of ExchangeCo nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of ExchangeCo.

In respect of the Voting Trustee's exercise of the voting rights with respect to the Ordinary Shares owned by JerseyCo, the Company will take all actions and do all things reasonably necessary or desirable to enable and permit the Voting Trustee, in accordance with applicable laws, to perform its obligations under the Voting and Exchange Trust Agreement, including all actions and things as are necessary or desirable to enable the Voting Trustee to exercise such number of votes with respect to the Shares held by JerseyCo as is equal to the aggregate number of Exchangeable Shares outstanding (and not held by the Company and its affiliates) at the relevant time.

The Company will also agree to notify ExchangeCo of any Distributions declared and paid on the Ordinary Shares in order to permit the ExchangeCo Board to make the determinations with respect to the economic equivalent of such Distributions for inclusion in the Economic Equivalence Payment that will be made on the exchange of the Exchangeable Shares and to support the making of certain other issuances and distributions by ExchangeCo in certain circumstances.

4.18.2 Shares to be Delivered on an Exchange of Exchangeable Shares

The Company agrees to make available such number of Ordinary Shares, without duplication, (a) as is equal to the sum of (1) the number of Exchangeable Shares issued and outstanding from time to time and (2) the number of Exchangeable Shares issuable upon the exercise of all rights to acquire Exchangeable Shares outstanding from time to time and (b) in addition to those in (a) above, as are required to enable and permit the Company, CallCo and ExchangeCo to meet their respective obligations under the Exchangeable Share Provisions, the Exchangeable Share Support Agreement and the Voting and Exchange Trust Agreement. Underlying Shares held by JerseyCo may be used for this purpose.

4.18.3 Company Dividends etc. and Economic Equivalence

The Exchangeable Share Support Agreement will also provide that, so long as any Exchangeable Shares (other than those held by the Company or its affiliates) are outstanding, in the event of any issuance, distribution or offering by the Company to all or substantially all the Shareholders (excluding JerseyCo) of:

- (a) Ordinary Shares (or securities exchangeable for or convertible into or carrying rights to acquire Ordinary Shares) by way of a stock or share dividend or other distribution (other than to Shareholders who exercise an option to receive those securities in lieu of receiving a cash dividend or pursuant to a dividend reinvestment plan or similar arrangement);
- (b) rights, options or warrants to subscribe for or purchase Shares (or securities exchangeable for or convertible into or carrying rights to acquire Shares);
- (c) other securities, rights options or warrants of the Company;
- (d) evidences of indebtedness of the Company; or
- (e) other assets of the Company,

then ExchangeCo shall include an economically equivalent cash amount (in Canadian currency) in the Economic Equivalence Payment (as defined in paragraph 4.19 (*Economic Equivalence Payment*) below) unless: (a) the prior approval of ExchangeCo and the Exchangeable Shareholders is given in accordance with the Exchangeable Share Provisions; or (b) in the case of an issuance, distribution or offering of the type contemplated above, (1) the economic equivalent of such issuance, distribution or offering is issued or distributed or otherwise provided to the holders of Exchangeable Shares or such holders are otherwise able to participate directly or indirectly in such issuance, distribution or offering in a manner that the ExchangeCo Board determines is economically equivalent to the issuance, distribution or offering provided to the

holders of all or substantially all of the Ordinary Shares (as the case may be), having regard to the relevant factors described in the Exchangeable Share Provisions, or (2) the ExchangeCo Board otherwise determines that any such issuance, distribution or offering does not materially alter the current substantial economic equivalence of the Exchangeable Shares to the holders thereof relative to the Ordinary Shares, then, in each such case, no amount will be required to be included in the Economic Equivalence Payment in respect of such issuance, distribution or offering.

In addition, the Exchangeable Share Support Agreement provides that, so long as any Exchangeable Shares (other than those held by the Company or its affiliates) are outstanding, the Company will not, without the prior approval of ExchangeCo and the Exchangeable Shareholder:

- (a) subdivide, re-divide, reduce, combine, consolidate or otherwise change the then outstanding Ordinary Shares into a different number of Ordinary Shares; or
- (b) reclassify or otherwise change the Ordinary Shares or effect an amalgamation, merger, reorganisation or other transaction affecting Ordinary Shares,

unless the same or an economically equivalent change to, or in the rights of the holders of, the Exchangeable Shares is made simultaneously. The Company will ensure that the record date for any of the foregoing events (or the Effective Date if there is no record date) is not less than five business days after the date that the Company announces or declares the event (with contemporaneous notification thereof to ExchangeCo).

The ExchangeCo Board will determine, in good faith and in its sole discretion, “economic equivalence” for these purposes. Its determination, which will be based upon a number of factors, will be conclusive and binding on ExchangeCo and the holders of Exchangeable Shares and not subject to challenge. See paragraph 4.19 (*Economic Equivalence Payment*) below.

4.18.4 Acquisition of the Company (by way of takeover offer or otherwise)

In the event of any proposed tender offer, scheme of arrangement, merger, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Ordinary Shares which is recommended by the Board (a “**Company Control Transaction**”) and in connection with which the Exchangeable Shares are not purchased by CallCo pursuant to its overriding Redemption Call Right (or redeemed by ExchangeCo), the Company will use its reasonable efforts in good faith to take all actions and do all things necessary or desirable to enable and permit holders of Exchangeable Shares (other than the Company and its affiliates) to participate in such transaction to the same extent and on an economically equivalent basis as the Shareholders, without discrimination.

The Company will further use its reasonable efforts in good faith to ensure that holders of Exchangeable Shares may participate in such transaction without being required to retract their Exchangeable Shares as against ExchangeCo (or, if so required, to ensure that any such retraction will be effective only upon, and be conditional upon, the closing of such transaction and only to the extent necessary to tender or deposit to the transaction). This will not affect the rights of ExchangeCo to redeem (or CallCo to purchase pursuant to its overriding Redemption Call Right) Exchangeable Shares in the event of a Company Control Transaction.

In addition, subject to limited exceptions, the Company will not consummate any transaction (whether by way of reconstruction, recapitalisation, reorganisation, consolidation, arrangement, merger, amalgamation, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation unless the rights of the holders of Exchangeable Shares are substantially preserved and not impaired in any material respect.

4.18.5 Notices

In order to assist the Company to comply with its obligations under the Exchangeable Share Support Agreement and to permit CallCo to exercise its overriding call rights, ExchangeCo is required to notify the Company and CallCo of the occurrence of certain events, such as the liquidation, dissolution or winding-up of ExchangeCo, ExchangeCo’s receipt of a retraction request from a holder of Exchangeable Shares, the determination of a Redemption Date of the

Exchangeable Shares and the issuance by ExchangeCo of any Exchangeable Shares (or rights to acquire Exchangeable Shares).

4.18.6 Restrictions on Voting Exchangeable Shares Held by the Company and its Affiliates

Under the Exchangeable Share Support Agreement, the Company has agreed not to exercise any voting rights attached to the Exchangeable Shares owned by it or any of its affiliates on any matter considered at meetings of Exchangeable Shareholders.

4.18.7 Amendment of the Exchangeable Share Support Agreement

With the exception of administrative changes for the purpose of adding covenants, making certain necessary or desirable amendments or curing ambiguities or clerical errors (in each case, provided that the Board, the ExchangeCo Board and board of directors of CallCo are of the opinion that the amendments are not prejudicial in any material respect to the rights or interests of the holders of Exchangeable Shares as a whole), the Exchangeable Share Support Agreement may not be amended without the approval of the holders of Exchangeable Shares as set forth in paragraph 4.16 (*Amendment and Approval*) above.

4.19 Economic Equivalence Payment

In connection with the retraction, redemption or purchase of Exchangeable Shares pursuant to the Exchangeable Share Provisions or the Voting and Exchange Trust Agreement, as the case may be, and as described above, the “**Economic Equivalence Payment**” in respect of each such Exchangeable Share shall be the aggregate of the following (without duplication), as of the date specified in the applicable provision of the Exchangeable Share Provisions or as specified in connection with the Automatic Exchange Right or Automatic Exchange Right on Liquidation, as applicable:

- (a) in the case of each cash Distribution declared and paid on the Ordinary Shares, an amount in cash equal to the Canadian Dollar Equivalent (calculated on the date on which such cash Distribution is paid on the Ordinary Shares) of the cash Distribution paid as a Distribution on each Ordinary Share on the relevant Distribution Payment Date; plus
- (b) in the case of a stock or share Distribution declared on the Ordinary Shares paid in Ordinary Shares, an amount in cash (in Canadian currency calculated using the Canadian Dollar Equivalent as of the Distribution Payment Date if applicable) as is economically equivalent (as at the Distribution Payment Date as determined by the ExchangeCo Board reasonably contemporaneously with such date) to the number of Ordinary Shares paid as a Distribution on each Ordinary Share on the relevant Distribution Payment Date; plus
- (c) in the case of a Distribution declared on the Ordinary Shares in property other than cash or Ordinary Shares, an amount in cash (in Canadian currency calculated using the Canadian Dollar Equivalent as of the Distribution Payment Date if applicable) as is economically equivalent (as at the Distribution Payment Date and as determined by the ExchangeCo Board reasonably contemporaneously with such date) to the type and amount of property paid as a Distribution on each Ordinary Share on the relevant Distribution Payment Date; plus
- (d) the cash amount (in Canadian currency calculated using the Canadian Dollar Equivalent as of the relevant date) determined to be paid in the event of certain other distributions paid by the Company on the Ordinary Shares (together with (a) to (c) inclusive, the “**Company Distribution Equivalence Amount**”); less
- (e) the aggregate amount of the Company Distribution Equivalence Amounts (if any) that have previously been paid by ExchangeCo on such Exchangeable Share, or which constitute Distribution Amounts or unpaid Distributions (as the case may be) in respect of such Exchangeable Share as of the date on which the applicable Economic Equivalence Payment is calculated.

In the event of any Distribution that has been declared on the Ordinary Shares but: (i) (a) has a record date prior to; and (b) has not been paid on or prior to the date on which the applicable Economic Equivalence Payment is to be calculated; or (ii) has a record date on or after the date on which the applicable Economic Equivalence Payment is to be calculated but prior to the date on which the (former) Exchangeable Shareholder becomes eligible to receive such Distribution as a holder of Ordinary Shares, then an incremental Economic Equivalence Payment (determined on the basis

described above and below) will be paid in respect of any such unpaid Distribution reasonably promptly following the relevant Distribution Payment Date, unless the (former) Exchangeable Shareholder has or will be entitled to receive such Distribution on the Ordinary Shares following the relevant retraction, redemption or purchase of Exchangeable Shares.

The ExchangeCo Board will determine, in good faith and in its sole discretion, “economic equivalence” for purposes of the Economic Equivalence Payment. Its determination will be binding on the holders of Exchangeable Shares and on ExchangeCo and the ExchangeCo Board shall, without excluding other factors determined by the ExchangeCo Board to be relevant, consider the following factors:

- (a) in the case of a stock or share dividend payable in Ordinary Shares, the number of Ordinary Shares issued as a result of such stock or share dividend in proportion to the number of Ordinary Shares previously outstanding;
- (b) in the case of the issuance, distribution or offering of any rights, options or warrants relating to Ordinary Shares (or securities exchangeable for or convertible into or carrying rights to acquire Ordinary Shares), the relationship between the exercise price of each such right, option or warrant, the number of such rights, options or warrants to be issued or distributed in respect of each Ordinary Share and the Current Market Price of an Ordinary Share (which may be paid in UK Pound Sterling if the ExchangeCo Board determines appropriate);
- (c) in the case of the issuance or distribution of any other form of property (including any evidences of indebtedness of the Company or any non-cash assets of the Company), the relationship between the fair market value (as determined by the ExchangeCo Board) of such property to be issued or distributed with respect to each outstanding Ordinary Share and the Current Market Price of an Ordinary Share;
- (d) in the case of any subdivision, redivision or change of Ordinary Shares into a greater number of Ordinary Shares or the reduction, combination, consolidation or change of Ordinary Shares into a lesser number of Ordinary Shares or any amalgamation, merger, reorganisation or other transaction affecting Ordinary Shares, the effect thereof on the then outstanding Ordinary Shares; and
- (e) in all such cases, the general taxation consequences of the relevant event to ExchangeCo and to the beneficial owners of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to such owners determined as if they had held Ordinary Shares at the relevant time as a result of differing tax treatment under the laws of Canada and the UK (except for any differing consequences arising as a result of differing marginal taxation rates and without regard to the individual circumstances of beneficial owners of any Exchangeable Shares).

4.20 Treatment of US Holders of Exchangeable Shares

Notwithstanding any of the rights of holders of Exchangeable Shares described above, none of the Company, ExchangeCo or CallCo shall issue or deliver any Ordinary Shares to a US Holder of Exchangeable Shares. The Company, ExchangeCo or CallCo, as the case may be, will arrange to satisfy the Share Consideration for US Holders by a payment in cash.

5 Reduction of Capital

Following Admission, the Company proposes to undertake a reduction of capital, to be approved by the court pursuant to section 645 of the Companies Act, in order to create additional distributable reserves which will enable the Company to declare dividends in accordance with its dividend policy from time to time. It is intended that this capital reduction will (a) cancel the share premium account of the Company and (b) reduce the nominal value of the Ordinary Shares from £1 to £0.01 each. The terms of the proposed reduction of capital have been approved by the Directors and by special resolution of the members of the Company passed on 12 May 2021.

6 Memorandum and Articles of Association

Articles of Association

The Articles contain, amongst others, provisions to the following effect. The Company's objects are not restricted by its Articles. Accordingly, pursuant to section 31 of the Companies Act, the Company's objects are unrestricted.

6.1 Liability of Members

The liability of each member is limited to the amount (if any) for the time being unpaid on the shares held by that member.

6.2 Shares

6.2.1 Respective Rights of Different Classes of Shares

Without prejudice to any rights attached to any existing shares, the Company may issue shares with such rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution to so authorise them, the Directors. The Company may also issue shares which are, or are liable to be, redeemed at the option of the Company or the holder and the Directors may determine the terms, conditions and manner of redemption of any such shares.

6.2.2 Voting Rights

At a general meeting, subject to any special rights or restrictions attached to any class of shares:

- (a) on a show of hands, every member present in person and every duly appointed proxy present shall have one vote;
- (b) on a show of hands, a proxy has one vote for and one vote against the resolution, and one vote against the resolution if the proxy has been duly appointed by more than one member entitled to vote on the resolution, and the proxy has been instructed:
 - (I) by one or more of those members to vote for the resolution and by one or more other of those members to vote against it; or
 - (II) by one or more of those members to vote either for or against the resolution and by one or more other of those members to use his or her discretion as to how to vote; and
- (c) on a poll, every member present in person or by proxy has one vote for every share held by him or her.

A proxy shall not be entitled to vote on a show of hands or on a poll where the member appointing the proxy would not have been entitled to vote on the resolution had he or she been present in person.

Unless the Directors resolve otherwise, no member shall be entitled to vote either personally or by proxy or to exercise any other right in relation to general meetings if any call or other sum due from him or her to the Company in respect of that share remains unpaid.

6.2.3 Variation of Rights

- (a) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the written consent of the holders of three-quarters in nominal value of the issued shares of the class (excluding shares held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class (but not otherwise), and may be so varied or abrogated either while the Company is a going concern or during or in contemplation of a winding-up.
- (b) The special rights attached to any class of shares will not, unless otherwise expressly provided by the terms of issue, be deemed to be varied by (i) the creation or issue of further shares ranking, as regards participation in the profits or assets of the Company, in some or all respects equally with them but in no respect in priority to them, or (ii) the purchase or redemption by the Company of any of its own shares.

6.2.4 Transfer of Shares

- (a) Transfers of shares in certificated form may be effected in writing, and signed by or on behalf of the transferor and, except in the case of fully paid shares, by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of those shares. Transfers of uncertificated shares may be effected by means of a relevant system (i.e. CREST) unless the CREST Regulations provide otherwise.
- (b) The Directors may decline to register any transfer of a certificated share, unless (i) the instrument of transfer is in respect of only one class of share, (ii) the instrument of transfer is lodged at the transfer office, duly stamped if required, accompanied by the relevant share certificate(s) or other evidence reasonably required by the Directors to show the transferor's right to make the transfer or, if the instrument of transfer is executed by some other person on the transferor's behalf, the authority of that person to do so, and (iii) the certificated share is fully paid up.
- (c) The Directors may refuse to register an allotment or transfer of shares in favour of more than four persons jointly.

6.2.5 Restrictions Where Notice Not Complied With

If any member or any other person appearing to be interested in shares (within the meaning of Part 22 of the Companies Act) has been duly served with a notice under section 793 of the Companies Act (which confers upon public companies the power to require information as to interests in its voting shares) and is in default for a period of 14 days in supplying to the Company the information required by that notice:

- (a) the member (for so long as the default continues) or any transferee of those shares shall not be entitled to attend or vote (in person or by proxy) or to exercise any other right conferred by membership at a general meeting, unless the Directors otherwise determine; and
- (b) the Directors may in their absolute discretion, where those shares represent 0.25 per cent. or more of the issued shares of a relevant class, by notice to the holder direct that:
 - (I) any dividend or part of a dividend (including shares issued in lieu of a dividend) or other money which would otherwise be payable on the shares will be retained by the Company without any liability for interest and/or
 - (II) (with various exceptions set out in the Articles) transfers of the shares will not be registered.

6.2.6 Forfeiture and Lien

- (a) If a member fails to pay in full any sum which is due in respect of a share on or before the due date for payment, then, following notice by the Directors requiring payment of the unpaid amount with any accrued interest and any expenses incurred, and if the requirements of such notice are not complied with and the amount remains unpaid, such share may be forfeited by a resolution of the Directors to that effect (including all dividends declared in respect of the forfeited share and not actually paid before the forfeiture).
- (b) A member whose shares have been forfeited will cease to be a member in respect of the shares, but will remain liable to pay the Company all moneys which at the date of forfeiture were presently payable together with interest at a rate of 15 per cent. The Directors may in their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal, or waive payment in whole or part.
- (c) The Company shall have a lien on every share that is not fully-paid for all moneys in respect of the share's nominal value, or any premium at which it was issued, that have not been paid to the Company and are payable immediately or at a fixed time in the future, whether or not a call has been made on such sums. The Company's lien over a share takes priority over the rights of any third party and extends to any dividends or other sums payable by the Company in respect of that share. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt from such a lien, either wholly or partially.

- (d) A share forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of to any person (including the person who was, before such forfeiture or surrender, the holder of that share or entitled to it) on such terms and in such manner as the Directors think fit. The Company may deliver an enforcement notice in respect of any share if a sum in respect of which a lien exists is due and has not been paid. The Company may sell any share in respect of which an enforcement notice, delivered in accordance with the Articles, has been given if such notice has not been complied with. The proceeds of sale shall first be applied towards payment of the amount in respect of the lien to the extent that amount was due on the date of the enforcement notice, and then on surrender of the share certificate for cancellation, to the person entitled to the shares immediately prior to the sale.

6.3 General Meetings

6.3.1 Annual General Meeting

An annual general meeting shall be held in each period of six months beginning with the day following the Company's accounting reference date, at such place or places, date and time as may be decided by the Directors.

6.3.2 Convening of General Meetings

The Directors may, whenever they think fit, call a general meeting. The Directors are required to call a general meeting once the Company has received requests from its members to do so in accordance with the Companies Act.

6.3.3 Notice of General Meetings Etc.

- (a) Notice of general meetings shall include all information required to be included by the Companies Act and shall be given to all members other than those members who are not entitled to receive such notices from the Company under the provisions of the Articles. The Company may determine that only those persons entered on the register at the close of business on a day decided by the Company, such day being no more than 21 days before the day that notice of the meeting is sent, shall be entitled to receive such a notice. If a member is added to the register after the day determined by the Company under this Article, this shall not invalidate the service of notice, nor entitle such member to receive notice of the meeting.
- (b) For the purposes of determining which persons are entitled to attend or vote at a meeting, and how many votes such persons may cast, the Company must specify in the notice of the meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the Register in order to have the right to attend or vote at the meeting. The Directors may in their discretion resolve that, in calculating such period, no account shall be taken of any part of any day that is not a working day (within the meaning of section 1173 of the Companies Act).
- (c) The Directors may resolve to postpone or cancel any general meeting or move the place of such meeting before the time at which it is to be held, except where the postponement or cancellation or move would be contrary to the Companies Act. The Directors may give notice of a postponement or cancellation or move as they think fit but any failure to give notice of postponement or cancellation or move does not invalidate any resolution passed at a postponed or moved meeting.

6.3.4 Quorum

No business other than the appointment of a chair shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Pursuant to the Companies Act, two members present in person or by proxy shall be a quorum.

6.3.5 Conditions of Admission

- (a) The Directors may put in place such arrangements or restrictions as they think fit to ensure the safety and security of the attendees at a general meeting and the orderly conduct of the meeting, including requiring attendees attending physically to submit to searches and/or health and safety restrictions. Any member, proxy or other person who

fails to comply with such arrangements or restrictions may be refused entry to, or removed from, the general meeting.

- (b) The Directors may decide that a general meeting shall be held at two or more locations to facilitate the organisation and administration of such meeting. A member present in person or by proxy at the designated “satellite” meeting place may be counted in the quorum and may exercise all rights that they would have been able to exercise if they had been present at the principal meeting place. The Directors may make and change from time to time such arrangements as they shall in their absolute discretion consider appropriate to:
 - (I) ensure that all members and proxies for members wishing to attend the meeting can do so;
 - (II) ensure that all persons attending the meeting are able to participate in the business of the meeting and to see and hear anyone else addressing the meeting;
 - (III) ensure the safety of persons attending the meeting and the orderly conduct of the meeting; and
 - (IV) restrict the numbers of members and proxies at any one location to such number as can safely and conveniently be accommodated there.
- (c) The entitlement of any member or proxy to attend a satellite meeting shall be subject to any such arrangements then in force and stated by the notice of meeting or adjourned meeting to apply to the meeting.
- (d) The Directors may decide to hold a general meeting as a combined physical and electronic general meeting and, in such case, shall provide details of the means for members to attend and participate in the meeting, including the physical place or places of meeting and the electronic platforms to be used. The Directors and the chair of a combined physical and electronic general meeting may make any arrangement and impose any requirement or restriction as is:
 - (I) necessary to ensure the identification of those taking part and the security of the electronic communication; and
 - (II) proportionate to achieving these objectives,and any failure of such facilities will not affect the validity of such general meeting or any business conducted at such general meeting or any action taken pursuant to such general meeting.
- (e) It is immaterial whether any two or more persons attending the general meeting are in the same place as each other or how they are able to communicate with each other. Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that, if they have (or were to have) rights to speak or vote at that meeting, they are (or would be) able to exercise them.

6.4 Directors

6.4.1 General Powers

The Directors shall manage the business and affairs of the Company and may exercise all powers of the Company other than those that are required by the Companies Act or by the Articles to be exercised by the Company at the general meeting.

6.4.2 Number of Directors

The Directors shall not be less than two in number and not more than 19, save that the Company may, by ordinary resolution, from time to time vary the minimum number and/or maximum number of Directors.

6.4.3 Share Qualification

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at general meetings.

6.4.4 Directors' Fees

The ordinary remuneration of the Directors shall from time to time be determined by the Directors, except that such remuneration shall not exceed £2,000,000 per annum in aggregate or such higher amount as may from time to time be determined by ordinary resolution of the shareholders.

6.4.5 Executive Directors

The Directors may from time to time appoint one or more of their number to be the holder of any executive office and may confer upon any Director holding an executive office any of the powers exercisable by them as Directors upon such terms and conditions, and with such restrictions, as they think fit. They may from time to time revoke, withdraw, alter or vary all or any of such delegated powers.

6.4.6 Directors' Retirement

When a Director retires at an annual general meeting in accordance with the Articles, the Company may, by ordinary resolution at the meeting, fill the office being vacated by re-electing the retiring Director. In the absence of such a resolution, the retiring Director shall nevertheless be deemed to have been re-elected, except in the cases identified by the Articles.

6.4.7 Removal of a Director by Resolution of Company

The Company may, by ordinary resolution of which special notice is given, remove any Director before the expiration of his or her period of office in accordance with the Companies Act, and elect another person in place of a Director so removed from office. Such removal may take place notwithstanding any provision of the Articles or of any agreement between the Company and such Director, but is without prejudice to any claim the Director may have for damages for breach of any such agreement.

6.4.8 Proceedings of the Board

- (a) Subject to the provisions of the Articles, the Directors may meet for the despatch of business and adjourn and otherwise regulate its proceedings as they think fit.
- (b) The quorum necessary for the transaction of business of the Directors may be fixed from time to time by the Directors and, unless so fixed at any other number, shall be two. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.
- (c) The Directors may elect from their number a Chair and a Deputy Chair (or two or more Deputy Chairs) and decide the period for which each is to hold office.
- (d) Questions arising at any meeting of the Directors shall be determined by a majority of votes. In the case of an equality of votes, the Chair of the meeting shall have a second or casting vote.

6.4.9 Directors' Interests

- (a) For the purposes of section 175 of the Companies Act, the Directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.
- (b) Any such authorisation will be effective only if:
 - (I) the matter in question was proposed in writing for consideration at a meeting of the Directors, in accordance with the Board's normal procedures or in such other manner as the Directors may resolve;
 - (II) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and
 - (III) the matter was agreed to without such interested Directors voting or would have been agreed to if their votes had not been counted.

- (c) The Directors may extend any such authorisation to any actual or potential conflict of interest which may arise out of the matter so authorised and may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions they expressly impose, but such authorisation is otherwise given to the fullest extent permitted. The Directors may also terminate any such authorisation at any time.
- (d) A Director shall not, save as otherwise agreed by such Director, be accountable to the Company for any benefit which the Director (or a person connected with the Director) derives from any matter authorised by the Directors and any contract, transaction or arrangement relating to such a matter shall not be liable to be avoided on the grounds of any such benefit.

6.4.10 Restrictions on Voting

- (a) Except as provided below, a Director may not vote on any resolution in respect of any contract, arrangement or other proposal in which he or she, or a person connected to him or her, is interested. Any vote of a Director in respect of a matter where he or she is not entitled to vote shall be disregarded.
- (b) Subject to the provisions of the Companies Act, a Director is entitled to vote and be counted in the quorum in respect of any resolution concerning any contract, transaction or arrangement, or any other proposal (*inter alia*):
 - (I) in which he or she has an interest, of which he or she is not aware or which cannot be reasonably regarded as likely to give rise to a conflict of interest;
 - (II) in which he or she has an interest only by virtue of interests in the Company's shares, debentures or other securities or otherwise in or through the Company;
 - (III) which involves the giving of any security, guarantee or indemnity to the Director or any other person in respect of (i) money lent or obligations incurred by the Director or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings or (ii) a debt or other obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (IV) concerning an offer of securities by the Company or any of its subsidiary undertakings in which he or she is or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;
 - (V) concerning any other body corporate in which he or she is directly or indirectly interested and whether as an officer, shareholder, creditor, employee or otherwise, provided that he or she and any connected persons do not own or have a beneficial interest in one per cent. or more of any class of share capital of such body corporate, or of the voting rights available to the members of such body corporate;
 - (VI) relating to an arrangement for the benefit of employees or former employees of the Company or any of its subsidiary undertakings which does not award him or her any privilege or benefit not generally awarded to the employees or former employees to whom such arrangement relates;
 - (VII) concerning the purchase or maintenance by the Company of insurance for any liability for the benefit of Directors;
 - (VIII) concerning the giving of indemnities in favour of the Directors;
 - (IX) concerning the funding of expenditure by any Director or Directors (A) on defending criminal, civil or regulatory proceedings or actions against him or them, (B) in connection with an application to the court for relief, (C) on defending him or them in any regulator investigations or (D) incurred doing anything to enable him or her to avoid incurring such expenditure; or

- (X) in which the Director's interest, or the interest of the Directors generally, has been authorised by ordinary resolution.

6.4.11 Confidential Information

If a Director, otherwise than by virtue of his or her position as Director, receives information in respect of which he or she owes a duty of confidentiality to a person other than the Company, he or she shall not be required to disclose such information to the Company or to the Directors, or to any Director, officer or employee of the Company, or otherwise use or apply such confidential information for the purpose of or in connection with the performance of his or her duties as a Director, provided that such an actual or potential conflict of interest arises from a permitted or authorised interest under the Articles. This is without prejudice to any equitable principle or rule of law which may excuse or release the Director from disclosing the information, in circumstances where disclosure may otherwise be required under the Articles.

6.4.12 Borrowing Powers

Subject to the Articles and to the provisions of the Companies Act, the Directors may exercise all the powers of the Company to borrow money, mortgage or charge all or any part or parts of its undertaking, property and uncalled capital, and issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

6.4.13 Powers of the Directors

- (a) The Directors may delegate any of their powers or discretions, including those involving the payment of remuneration or the conferring of any other benefit to the Directors, to such person or committee and in such manner as they think fit. Any such person or committee shall, unless the Directors otherwise resolve, have the power to sub-delegate any of the powers or discretions delegated to them. The Directors may make regulations in relation to the proceedings of committees or sub-committees.
- (b) The Directors may establish any local boards or appoint managers or agents to manage any of the affairs of the Company, either in the United Kingdom or elsewhere, and may:
 - (I) appoint persons to be members or agents or managers of such local board and fix their remuneration;
 - (II) delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with the power to sub-delegate;
 - (III) remove any person so appointed, and may annul or vary any such delegation; and
 - (IV) authorise the members of any local boards, or any of them, to fill any vacancies on such boards, and to act notwithstanding vacancies.
- (c) The Directors may appoint any person or fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney of the Company with such purposes and with such powers, authorities and discretions and for such periods and subject to such conditions as they may think fit.
- (d) Any Director may at any time appoint any person (including another Director) to be his or her alternate director and may at any time terminate such appointment.

6.4.14 Directors' Liabilities

- (a) So far as may be permitted by the Companies Act, every Director, former Director or secretary of the Company or of an Associated Company (as defined in section 256 of the Companies Act) of the Company (each, a "**Relevant Officer**") may be indemnified by the Company out of its own funds against:
 - (I) any liability incurred by him or her in connection with any negligence, default, breach of duty or breach of trust by him or her or any other liability incurred by him or her in relation to the Company or any Associated Company of the Company other than, any liability to the Company or to any Associated Company, and any liability of the kind referred to in section 243(3) of the Companies Act; and

- (II) any liability incurred by him or her in relation to or in connection with the relevant person's duties, powers or office, including in connection with the activities of the Company or an Associated Company in its capacity as a trustee of an occupational pension scheme.
- (b) The Directors may also purchase and maintain insurance for or for the benefit of:
 - (I) any person who is or was a director or Secretary of a Relevant Company (as defined in the Articles); or
 - (II) any person who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of any Relevant Company are interested,

including insurance against any liability (including all related costs, charges, losses and expenses) incurred by or attaching to him or her in relation to his or her duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' share scheme.
- (c) So far as may be permitted by the Companies Act, the Company may provide a Relevant Officer with defence costs in relation to any criminal or civil proceedings in connection with any negligence, default, breach of duty or breach of trust by him or her in relation to the Company or an Associated Company of the Company, or in relation to an application for relief under section 205(5) of the Companies Act. The Company may do anything to enable such Relevant Officer to avoid incurring such expenditure.
- (d) So far as may be permitted by the Companies Act, the Company may provide a Relevant Officer with funds in connection with an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority in connection with any alleged negligence, default, breach of duty or breach of trust by the Relevant Officer in relation to the Company or any Associated Company of the Company. The Company may do anything to enable any such Relevant Officer to avoid incurring such expenditure.

6.5 Dividends

- (a) The Company may, by ordinary resolution, declare final dividends to be paid to its Shareholders. However, no dividend shall be declared unless it has been recommended by the Directors and does not exceed the amount recommended by the Directors.
- (b) No dividend or payment or other distribution in respect of any share in relation to a call that remains unpaid shall be paid or distributed.
- (c) If the Directors believe that the profits of the Company justify such payment, they may pay dividends on any class of share where the dividend is payable on fixed dates. They may also pay interim dividends on shares of any class in amounts and on dates and periods as they think fit. Provided the Directors act in good faith, they shall not incur any liability to the holders of any shares for any loss they may suffer by the payment of dividends on any other class of shares having rights ranking equally with or behind those shares.
- (d) Unless the share rights otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, and apportioned and paid proportionately according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (e) If a dividend remains unclaimed for 12 years from the date on which it was declared or became due for payment, it shall be forfeited and shall revert to the Company. The Company shall not be liable in any respect, nor be required to account to the relevant member or person entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law to such dividends or other moneys and the Company shall be entitled to use such dividends for the Company's benefit in any manner that the Directors from time to time may think fit.
- (f) The Directors may, if authorised by ordinary resolution, offer to shareholders the right to elect to receive, in lieu of a dividend, an allotment of new Shares credited as fully paid.

6.6 Failure to Supply an Address

A shareholder who is on the Company's principal share register and has no registered address within the United Kingdom, and has not supplied to the Company an address within the United Kingdom or an electronic address for the service of notices will not be entitled to receive notices from the Company.

6.7 Disclosure of Shareholding Ownership

The Disclosure Guidance and Transparency Rules require a member to notify the Company if the voting rights held by such member (including by way of certain financial instruments) reach, exceed or fall below 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. Persons holding voting rights in the Company through Exchangeable Shares will also be subject to these notification obligations. Under the Disclosure Guidance and Transparency Rules, certain voting rights in the Company may be disregarded.

6.8 Changes in Capital

The provisions of the Articles governing the conditions under which the Company may alter its share capital are no more stringent than the conditions imposed by the Companies Act.

7 Directors and Senior Management

7.1 The Directors and members of Senior Management, their functions within the Group and brief biographies are set out in Part XI: *"Directors, Senior Management and Corporate Governance"*.

7.2 The companies and partnerships of which the Directors and members of Senior Management are, or have been, within the past five years, members of the administrative, management or supervisory bodies or partners (excluding the Company and its subsidiaries and excluding the subsidiaries of the companies listed below) are as follows:

Name of Director /Senior Manager	Current	Former
	directorships/partnerships	directorships/partnerships
John Lofton Holt	Achronix Semiconductor Corporation	Holt Brothers Capital LLC Holt Brothers Real Estate & Construction LLC July Two Capital LLC
Tony Pialis	Pitech Investments Inc. Pitech Corp.	N/A
Daniel Aharoni	N/A	N/A
Jon Rogers	Ontario 2641239 Inc.	N/A
Rajeevan Mahadevan	N/A	N/A
Sehat Sutardja	FLC Technology Group, Inc. Danger Devices Inc. Zerro Power Systems Pte Ltd NextInput, Inc. Wolley Tech, Inc. DreamBig Semiconductor Inc. Blue Cheetah Analog Design, Inc. Nuvia Inc.	Marvell Technology Group
Jan Frykhammar	ITAB Shop Concept AB Nordic Semiconductor ASA Aspia AB Clavister Holding AB OX2 AB Roima Intelligence OY Telavox AB	KvdcAR AB Openet Telecom Ltd Ratos AB Utimaco GmbH Attendo AB Telefonaktiebolaget LM Ericsson AB

	Current directorships/partnerships	Former directorships/partnerships
	Quickbit eu AB Celltick Technologies Ltd	
Michelle Senecal de Fonseca	Citrix Systems UK Limited FDM Group (Holdings) plc Women in Telecoms and Technology (WiTT) Limited Move Capital LLP	N/A
Paul Boudre	Soitec S.A. Fogale Nanotech S.A.S.	N/A
Victoria Hull	Ultra Electronics Holdings PLC Network International Holdings PLC RBG Holdings PLC La Pleiade Limited	N/A
Susan Buttsworth	CKH IOD Data Limited G&S Buttsworth Holdings Pty Ltd Buttswann Nominees Pty Ltd Cherrybooks Pty Ltd	N/A
Rosalind Singleton	Spring Fibre Limited Angel Academe TWSU Nominee Ltd	N/A
7.3	Save as set out above, none of the Directors, any member of the Senior Management or the Company Secretary has any business interests, or performs any activities, outside the Group which are significant with respect to the Group.	
7.4	There are no family relationships between any Directors, between any members of Senior Management or between any Directors and members of Senior Management.	
7.5	As of the date of this Prospectus, none of the Directors or any member of Senior Management has, at any time within the last five years:	
7.5.1	had any prior convictions in relation to fraudulent offences;	
7.5.2	been declared bankrupt or been the subject of any individual voluntary arrangement;	
7.5.3	been associated with any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager;	
7.5.4	been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including designated professional bodies);	
7.5.5	been disqualified by a court from acting in the management or conduct of the affairs of any company;	
7.5.6	been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company;	
7.5.7	been a partner or senior manager in a partnership which, while he or she was a partner or within 12 months of his or her ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement;	
7.5.8	owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he or she was a partner at a time or within the 12 months preceding such event; or	
7.5.9	been an executive director or senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which he or she was an executive director or senior manager of that company or within 12 months of his or her ceasing to be an executive director or senior manager.	

- 7.6 The total amount set aside or accrued by the Group to provide pension, retirement or similar benefits for the Directors and Senior Managers for the year ended 31 December 2020 was nil.
- 7.7 The aggregate remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to the Directors and Senior Managers for services in all capacities for the year ended 31 December 2020 was CaD 759,000.
- 7.8 Save as set out in paragraph 13.1 of this Part XIX: “*Additional Information — Material Contracts — Underwriting Agreement*” there are no restrictions agreed by any Director or Senior Manager on the disposal within a certain time of their holdings in the Company’s securities.

8 Directors’ Service Agreements, Letters of Appointment and Other Matters

8.1 Executive Directors

Prior to Admission, the Company will enter into service agreements with each of the Executive Directors, effective from Admission, which will replace any previous agreements in relation to the provision of their services to the Group. The particulars of the service agreements between the Company and each Executive Director (or in the case of Sehat Sutardja, the expected particulars of his service agreement) are set out below.

(a) General terms

<i>Name</i>	<i>Current salary per annum⁽¹⁾</i> (£)	<i>Notice by the Company</i> (months)	<i>Notice by Executive Director</i> (months)	<i>Place of work</i>	<i>Role</i>
John Lofton Holt	450,000	12	12	London, UK	Executive Chairman
Tony Pialis	450,000 ⁽²⁾	12	12	Ontario, Canada	Group Chief Executive Officer
Daniel Aharoni	365,000	12	12	London, UK	Group Chief Financial Officer
Sehat Sutardja	85,000 ⁽²⁾⁽³⁾	1	1	Nevada, USA	Executive Officer

Notes:

- (1) Salaries will be reviewed annually, but the Company will be under no obligation to award an increase following a salary review.
- (2) Tony Pialis’ and Sehat Sutardja’s salaries will be paid in local currency (CaD and USD respectively) based on the average conversion rate (using the average between the buy and sell rates) for the twelve month period preceding the payroll cut off date.
- (3) Sehat Sutardja’s salary reflects his part-time working arrangement of 5 per cent.

Any payments made or benefits granted to an Executive Director (including on termination of his service agreement) will be subject to the Director’s remuneration policy as approved by the Shareholders from time to time (see paragraph 8.3 below).

John Lofton Holt and Daniel Aharoni were appointed as directors of the Company with effect from 11 January 2021. Tony Pialis and Sehat Sutardja were appointed as directors of the Company with effect from 16 April 2021.

The Executive Directors will be eligible to participate in such long-term and/or short-term incentive schemes as the Company shall determine from time to time (save that Sehat Sutardja will not participate in any such schemes and John Lofton Holt and Tony Pialis will waive their participation in the Long Term Incentive Plan for the first year of the plan’s operation).

The Executive Directors (other than Sehat Sutardja, who will not be entitled to any benefits in kind other than those required by applicable law and the reimbursement of reasonable expenses) will be entitled to such benefits in kind as the Company makes available to senior executives based in their location from time to time. The Company will refund the Executive Directors for reasonable expenses properly incurred by them in performing their duties, provided these are in line with Company policy from time to time.

The Executive Directors (other than Sehat Sutardja) will be entitled to 25 days’ paid holiday per annum (in addition to public and statutory holidays in their place of work) and to participate in such pension scheme on such terms as may be made available to senior executives based in their place of work from

time to time and in compliance with any applicable legislation or regulations from time to time in force. Sehat Sutardja will only be entitled to benefits that are required by applicable law.

The Company will have customary directors' and officers' indemnity insurance in place in respect of each Executive Director and each of them will have the benefit of a deed of indemnity against certain liabilities that may be incurred as a result of their office to the extent permitted by section 234 of the Companies Act 2006.

In order to protect the interests of the Company, each Executive Director will be subject to standard business protection provisions, including garden leave, confidentiality undertakings and post termination restrictive covenants (including non-compete restrictions).

(b) Termination provisions

The Company may terminate each Executive Director's service contract by giving the notice specified in paragraph (a) (*Executive Directors*) above. Alternatively, the Company may elect to terminate the service contract by making payment in lieu of notice of a sum equal to the basic salary the Executive Director would have been entitled to receive during any unexpired period of notice. Payment in lieu of notice can be made in monthly instalments, subject to mitigation (save in relation to Sehat Sutardja, whose notice period is one month). On termination, any incentive entitlements will be determined in accordance with their terms and the Director's remuneration policy.

8.2 Non-Executive Directors

The particulars of the letters of appointment that the Company will enter into with each Non-Executive Director prior to Admission are set out below.

<u>Name</u>	<u>Title</u>	<u>Date of appointment</u>	<u>Initial term⁽¹⁾</u> <i>(years)</i>	<u>Total fees per year</u> <i>(£)</i>
Jan Frykhammar	Senior Independent Non-Executive Director Chair of the Remuneration Committee Member of the Audit Committee and Nomination Committee	16 April 2021	3	120,000 ⁽²⁾
Michelle Senecal de Fonseca	Independent Non-Executive Director Member of the Audit Committee	16 April 2021	3	75,000 ⁽³⁾
Paul Boudre	Independent Non-Executive Director Member of the Remuneration Committee	16 April 2021	3	75,000 ⁽⁴⁾
Victoria Hull	Independent Non-Executive Director Chair of the Audit Committee Member of the Remuneration Committee	16 April 2021	3	90,000 ⁽⁵⁾
Susan Buttsworth	Independent Non-Executive Director Member of the Nomination Committee	16 April 2021	3	75,000 ⁽⁶⁾
Rosalind Singleton	Independent Non-Executive Director	16 April 2021	3	65,000 ⁽⁷⁾

Notes:

- (1) The appointment of each of these Directors is expected to continue for two three-year terms, but the Board may invite each of the Non-Executive Directors to continue their appointment for an additional period. There is no fixed term of appointment and the appointment of each Non-Executive Director will be terminable by either party upon one month's notice.
- (2) Jan Frykhammar's total fees comprise £85,000 as non-executive director base fee, £15,000 as fee for acting as Chair of the Remuneration Committee and £20,000 as fees for acting as a member of the Audit Committee and the Nomination Committee.
- (3) Michelle Senecal de Fonseca's total fees comprise £65,000 as non-executive director base fee and £10,000 as fee for acting as a member of the Audit Committee.

- (4) Paul Boudre's total fees comprise £65,000 as non-executive director base fee and £10,000 as fee for acting as a member of the Remuneration Committee.
- (5) Victoria Hull's total fees comprise £65,000 as non-executive director base fee, £15,000 as fee for acting as Chair of the Audit Committee and £10,000 as fee for acting as a member of the Remuneration Committee.
- (6) Susan Buttsworth's total fees comprise £65,000 as non-executive director base fee and £10,000 as fee for acting as a member of the Nomination Committee.
- (7) Rosalind Singleton's total fees comprise £65,000 as non-executive director base fee.

Each Non-Executive Director's letter of appointment will take effect from Admission. The appointment of each Non-Executive Director will be subject to the Articles of Association.

Each Non-Executive Director will be entitled to elect to use up to 100% of their fee (after deductions for tax and national insurance contributions) to acquire shares in the Company. The Non-Executive Directors will not be entitled to receive any compensation on termination of their appointments (save for notice, where due).

Each Non-Executive Director will be subject to re-election at the first annual general meeting following Admission and for annual re-election at each annual general meeting thereafter.

The Non-Executive Directors will be subject to confidentiality undertakings. The Company will reimburse each Non-Executive Director for reasonable expenses properly incurred by them in performing their duties and will have customary directors' and officers' indemnity insurance in place in respect of each Non-Executive Director.

Each Non-Executive Director will have the benefit of a deed of indemnity against certain liabilities that may be incurred as a result of their office to the extent permitted by section 234 of the Companies Act 2006. Each Non-Executive Director will also be entitled to consult independent professional advisers at the Company's expense where appropriate in the furtherance of their duties as a director.

8.3 Remuneration

The remuneration arrangements for the Directors described above were approved by the Remuneration Committee on 16 April 2021. Whilst it is expected that the remuneration arrangements for the Directors will be reviewed by the Remuneration Committee following Admission, the current expectation is that the remuneration arrangements described above and in paragraph 11 of this Part XIX: "*Additional Information — Employee Share Plans*" will apply. In due course, the Company will operate a Long Term Incentive Plan and annual bonus arrangements, including deferral of at least one-third of the bonus into shares in the Company for at least two years. The Company will also operate all-employee share plans. In accordance with the regulations set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, shareholder approval will be sought for the Directors' remuneration policy at the annual general meeting of the Company in the first full financial year following Admission.

9 Interests of the Directors and Senior Management

The table below sets out the interests of the Directors and Senior Management in the share capital of the Company (all of which, unless otherwise stated, are beneficial and include the interest of persons

connected with them) immediately prior to Admission and as is expected to be the position immediately following Admission.

	Immediately prior to Admission ⁽¹⁾		Immediately following Admission ⁽²⁾	
	Number of Ordinary Shares	Percentage of issued share capital	Number of Ordinary Shares	Percentage of issued share capital
Name of Director				
John Lofton Holt ⁽³⁾	44,048,140	7.81	26,624,584	4.00
Tony Pialis ⁽⁴⁾	112,756,760	20.00	95,333,160	14.34
Daniel Aharoni	4,000,000	0.71	2,800,000	0.42
Sehat Sutardja ⁽⁵⁾	96,338,980	17.09	78,896,880	11.86
Jan Frykhammar	—	—	48,780	0.01
Michelle Senecal de Fonseca	—	—	48,780	0.01
Paul Boudre	—	—	48,780	0.01
Victoria Hull	—	—	24,390	0.00
Susan Buttsworth	—	—	48,780	0.01
Rosalind Singleton	—	—	1,707	0.00
Name of Senior Manager				
Jonathan Rogers ⁽⁶⁾	112,756,740	20.00	95,333,140	14.34
Rajeevan Mahadevan ⁽⁷⁾	112,756,760	20.00	95,333,160	14.34

Notes:

- (1) On the basis that each share currently held in Alphawave IP Inc. will be exchanged for twenty Ordinary Shares as part of the Pre-IPO Reorganisation.
- (2) Tony Pialis', Jonathan Rogers' and Rajeevan Mahadevan's interests in the Company will, following the Pre-IPO Reorganisation, be held through Ordinary Shares and Exchangeable Shares. Further detail regarding the Exchangeable Share structure is set out in paragraph 4 of this Part XIX: "Additional Information — Pre-IPO Reorganisation".
- (3) John Lofton Holt's interest in Ordinary Shares will, following the Pre-IPO Reorganisation, be held through July Twelve Capital Limited. July Twelve Capital Limited is a person closely associated with Mr Holt (within the meaning of the Market Abuse Regulation). In addition to the interests listed in this table, July Twelve Capital Limited also has an option to purchase up to 51,531,420 Exchangeable Shares in aggregate from The Tony Pialis (2017) Family Trust, 2641239 Ontario Inc. and The Rajeevan Mahadevan (2017) Family Trust.
- (4) Tony Pialis' shares in the Company will, following the Pre-IPO Reorganisation, be held through The Tony Pialis (2017) Family Trust of which Tony is the trustee and a discretionary beneficiary, and through Pitech Investments Inc. Pitech Investments Inc. is a person closely associated with Mr Pialis (within the meaning of the Market Abuse Regulation).
- (5) Sehat Sutardja's shares in the Company will, following the Pre-IPO Reorganisation, be held through Sutardja Family LLC. Sehat Sutardja holds 10 per cent. of the shares in Sutardja Family LLC. The remaining shares are held by his family members.
- (6) Jonathan Rogers' shares in the Company will, following the Pre-IPO Reorganisation, be held through 2641239 Ontario Inc., a company whose voting shares are wholly owned by The Jonathan Rogers (2018) Family Trust of which Jonathan is the trustee.
- (7) Rajeevan Mahadevan's shares in the Company will, following the Pre-IPO Reorganisation, be held through The Rajeevan Mahadevan (2017) Family Trust of which Rajeevan is the trustee and (through a wholly owned company) a discretionary beneficiary, and through Jeevan Capital Inc.. Jeevan Capital Inc. is a person closely associated with Mr Mahadevan (within the meaning of the Market Abuse Regulation).

- 9.1 None of the Directors or Senior Managers have (or are expected to have immediately following Admission) any interests in options to acquire shares in the Company under the Equity Incentive Plan and the Long Term Incentive Plan (which is described in paragraph 11 (*Employee Share Plans*) below).
- 9.2 The interests of the Directors and Senior Management together (including options to acquire shares in the Company granted under the Equity Incentive Plan and the Long Term Incentive Plan) are expected to represent 85.60 per cent. of the issued share capital of the Company immediately prior to Admission and approximately 59.33 per cent. of the issued Ordinary Share capital of the Company immediately following Admission.
- 9.3 Save as set out in this paragraph 9 and in Part XV: "Historical Financial Information", none of the Directors has any interests in the share or loan capital of the Company or any of its subsidiaries.

- 9.4 Save as set out in this paragraph 9, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Group and was effected by the Company in the current or immediately preceding financial year or was effected during an earlier financial year and remains in any respect outstanding or unperformed.

10 Interests of Significant Shareholders

- (a) Other than any interest that may arise under the Underwriting Agreement (and assuming no exercise of the Over-allotment Option), insofar as it is known to the Company as of the date of this Prospectus, the following persons will, immediately prior to and immediately following Admission, be directly or indirectly interested (within the meaning of the Companies Act 2006) in 3 per cent. or more of the Company's issued ordinary share capital or voting rights.

Shareholder ⁽³⁾	Immediately prior to Admission ⁽¹⁾		Immediately following Admission ⁽²⁾	
	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares	Percentage of issued ordinary share capital
The Tony Pialis (2017) Family Trust ⁽³⁾	112,756,760	20.00	95,333,160	14.34
The Rajeevan Mahadevan (2017) Family Trust ⁽⁴⁾	112,756,760	20.00	95,333,160	14.34
2641239 Ontario Inc. ⁽⁵⁾	112,756,740	20.00	95,333,140	14.34
Sutardja Family LLC ⁽⁶⁾	96,338,980	17.09	78,896,880	11.86
July Twelve Capital Limited ⁽⁷⁾	44,048,180	7.81	26,624,584	4.00
Wise Road Alpha Investment Fund I, L.P.	37,037,040	6.57	30,331,520	4.56
Wise Road Industry Investment Fund I, L.P.	18,518,520	3.28	15,165,760	2.28
Certain funds and accounts under the management of BlackRock ⁽⁸⁾	—	—	67,934,088	10.22
Henderson Global Investors Limited ⁽⁸⁾	—	—	20,780,487	3.13

Notes:

- (1) On the basis that each share currently held in Alphawave IP Inc. will be exchanged for twenty Ordinary Shares as part of a Pre-IPO Reorganisation.
- (2) Assumes no exercise of the Over-allotment Option.
- (3) The interests of The Tony Pialis (2017) Family Trust, The Rajeevan Mahadevan (2017) Family Trust, and 2641239 Ontario Inc., in the Company will, following the Pre-IPO Reorganisation, be held through Ordinary Shares and Exchangeable Shares. As part of the Exchangeable Share structure, 266,572,359 Underlying Shares are expected to be issued to JerseyCo, representing 40.09 per cent. of the Company's issued ordinary share capital. Further detail regarding the Exchangeable Share structure is set out in paragraph 4 of this Part XIX: "Additional Information — Pre-IPO Reorganisation".
- (4) This includes interests held by Pitech Investments Inc., a discretionary beneficiary of The Tony Pialis (2017) Family Trust and a person closely associated with Tony Pialis (within the meaning of the Market Abuse Regulation). Tony Pialis is the trustee of The Tony Pialis (2017) Family Trust and he is also a discretionary beneficiary.
- (5) This includes interests held by Jeevan Capital Inc., a discretionary beneficiary of The Rajeevan Mahadevan (2017) Family Trust and a person closely associated with Rajeevan Mahadevan (within the meaning of the Market Abuse Regulation). Rajeevan Mahadevan is the trustee of The Rajeevan Mahadevan (2017) Family Trust and (through a wholly owned company) he is also a discretionary beneficiary.
- (6) The shares of 2641239 Ontario Inc. are wholly owned by The Jonathan Rogers (2018) Family Trust. Jonathan Rogers is the trustee of The Jonathan Rogers (2018) Family Trust.
- (7) Sehat Sutardja holds 10 per cent. of the shares in Sutardja Family LLC. The remaining shares are held by his family members.
- (8) July Twelve Capital Limited is a person closely associated with John Lofton Holt (within the meaning of the Market Abuse Regulation). In addition to the interests listed in this table, July Twelve Capital Limited also has an option to purchase up to 51,531,420 Exchangeable Shares in aggregate from The Tony Pialis (2017) Family Trust, 2641239 Ontario Inc. and The Rajeevan Mahadevan (2017) Family Trust.
- (9) Assumes no Ordinary Shares are acquired beyond the commitments in the respective Cornerstone Investment Agreements. Subject to the terms of these agreements, certain funds and accounts under the management of BlackRock have agreed to subscribe for, in aggregate, approximately USD \$390.4 million of Offer Shares at the Offer Price, and Henderson Global Investors Limited has agreed to subscribe for approximately GBP £85.2 million of Offer Shares at the Offer Price.

- (b) Save as set out above, the Company is not aware of any holdings of voting rights (within the meaning of Chapter 5 of the Disclosure Guidance and Transparency Rules) which will represent 3 per cent. or more of the total voting rights in respect of the issued share capital of the Company following Admission.
- (c) There are no differences between the voting rights enjoyed by the Shareholders as set out in this paragraph 10 and those enjoyed by any other holders of Ordinary Shares in the Company.
- (d) The directors have no knowledge of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

11 Employee Share Plans

11.1 Introduction

The Company believes that share ownership should form a central part of the culture and incentives structure for senior executives of the business.

11.2 Equity Incentive Plan

Options and restricted stock units over 5,340,504 Alphawave IP Inc. shares have been granted to employees and consultants of Alphawave IP Inc. and its subsidiaries under the Alphawave IP Equity Incentive Plan (the “**EIP Awards**”) which was adopted by Alphawave IP Inc. in 2017. No more EIP Awards will be granted under the Equity Incentive Plan after Admission.

All outstanding EIP Awards have been amended so that EIP Awards will be over Ordinary Shares. The amended EIP Awards will vest or become exercisable at the same time as the corresponding awards over Alphawave IP Inc. shares but they will become awards under the rules of the Long Term Incentive Plan, to take account of Admission and the fact that they relate to Ordinary Shares. Pursuant to their terms, discretion has been exercised to accelerate the vesting of certain EIP Awards over 13,049,860 Alphawave IP Inc. shares, conditional on Admission.

As at Admission, there will be EIP Awards over 92,710,220 Ordinary Shares.

The number of Ordinary Shares subject to each amended EIP Award will be based on the exchange ratio for Ordinary Shares applicable to shareholders under the Pre-IPO Reorganisation. However, if required, the number of Ordinary Shares to which a holder of an amended EIP Award will be entitled on vesting or exercise of the amended EIP Award will be reduced such that the excess (if any) of the aggregate fair market value of the Ordinary Shares underlying such holder’s amended EIP Award immediately following Admission over the aggregate exercise price (if any) of such amended EIP Award does not exceed the excess (if any) of the aggregate fair market value of the Ordinary Shares underlying the holder’s EIP Award immediately before Admission over the aggregate exercise price (if any) of such EIP Award; and any fraction of an Ordinary Share that such holder would be entitled to receive (after aggregating all Ordinary Shares issuable to such holder in respect of all such holder’s EIP Awards that are exercised on a particular date) will be rounded down to the nearest whole number. In the case of options, the price payable to exercise each amended EIP Award in full will be divided by the exchange multiple.

The key terms of the amended EIP Awards are as follows:

11.2.1 Vesting and exercise

EIP Awards can only be exercised to the extent vested.

They typically vest as to 25 per cent. of the shares on the first anniversary of the vesting commencement date and in equal monthly instalments thereafter until the fourth anniversary. They remain exercisable, to the extent vested, up to the fifth anniversary of the vesting commencement date. The board of Alphawave IP Inc. can accelerate the exercise of any EIP Award.

11.2.2 Leaving Alphawave IP

If the holder of an amended EIP Award leaves Alphawave IP, their options will normally lapse, to the extent not vested. To the extent vested, they may be exercised for a limited period after leaving after which they lapse. But vested and unvested options will lapse if the holder is

terminated for cause or breach of contract or, in the case of consultants, voluntary termination (unless, in any case, the board of Alphawave IP decides otherwise).

11.2.3 Change of control

The amended EIP Awards will vest and become exercisable or may be exchanged on a change of control of the Company on the same basis as awards under the Long Term Incentive Plan (as described in paragraph 11.4 below).

11.2.4 Adjustments and amendments

The number of Ordinary Shares subject to amended EIP Awards and/or the exercise price can be adjusted to reflect any rights issue or similar transaction and the terms of EIP Awards can be amended on the same basis as awards under the Long Term Incentive Plan (as described in paragraph 11.4 below).

11.3 After Admission

The Company has adopted a discretionary share plan called the Alphawave Long Term Incentive Plan (the “**Long Term Incentive Plan**”). The Company expects to first offer annual awards under the Long Term Incentive Plan to the Executive Directors (apart from the CEO and the Executive Chairman for at least the first year of the plan’s operation) and other selected senior executives of the Company in early 2022 in the form of Long Term Incentive Plan awards (“**LTIP Awards**”), and annually thereafter. The Long Term Incentive Plan is also intended to be used each year to defer a portion of annual bonus earned by the Executive Directors in respect of financial years (or part thereof) after Admission.

The Company has also adopted the Sharesave Plan and the Share Incentive Plan, the principal features of which are summarised below.

11.4 Principal features of the Long Term Incentive Plan

11.4.1 Eligibility

All employees (including Executive Directors) of the Group will be eligible to participate in the Long Term Incentive Plan, excepting the CEO and the Executive Chairman who will waive their participation for the first year of the plan’s operation.

The Remuneration Committee or its delegate will select which eligible employees will be granted awards at its discretion.

11.4.2 Structure of Awards

A LTIP Award under the Plan can take the form of:

- a conditional right to acquire Ordinary Shares at no cost to the participant (a “**Conditional Award**”);
- an option to acquire Ordinary Shares at an exercise price set at grant (which may be nil) (a “**LTIP Option**”);
- Ordinary Shares allocated on grant on the basis that they cannot be transferred until vesting and will be forfeited to the extent that the LTIP Award lapses (“**Forfeitable Shares**”).

Conditional Awards and LTIP Options may be satisfied with a cash payment equal to the value of the Ordinary Shares which would otherwise have been issued or transferred and may be granted on the basis that they will always be satisfied in that way.

Some or all of a participant’s bonus may be paid in the form of an LTIP Award. This is called a “**Bonus Deferral Award**”.

11.4.3 Individual Limits

The market value (taken at the date of grant) of Ordinary Shares subject to LTIP Awards (other than Bonus Deferral Awards) granted to any one person in or in respect of any one financial year must not be more than 300 per cent. of that person’s annual base salary.

LTIP Awards granted to Executive Directors will also be subject to any limits set out in any approved directors' remuneration policy.

Rights to dividends and dividend equivalents are ignored when calculating this limit.

11.4.4 Dividends and dividend equivalent

The Remuneration Committee may determine that the number of Ordinary Shares to which a participant is entitled on vesting or exercise of a Conditional Award or LTIP Option will be increased to take account of dividends paid on the number of Ordinary Shares in respect of which the LTIP Award has vested or is exercised on such terms as determined by the Remuneration Committee.

Participants will be entitled to any dividends payable on Forfeitable Shares from the date of grant.

11.4.5 Vesting

LTIP Awards will normally vest over a period set by the Committee at grant.

They will only vest to the extent that any performance conditions set by the Committee at grant have been met. LTIP Awards granted to Executive Directors will always be subject to performance conditions which will be set in accordance with any approved directors' remuneration policy.

Subject to any holding period (see paragraph 11.4.6 below), to the extent:

- a Conditional Award has vested, the relevant number of Ordinary Shares will be automatically issued or transferred to the Participant;
- an option has vested, the participant may exercise it until the tenth anniversary of grant (or until any earlier lapse under the rules);
- Forfeitable Shares have vested, any applicable restrictions will cease to apply.

11.4.6 Holding period

LTIP Awards received by Executive Directors will (and other awards may) be subject to a two-year post-vesting holding period in line with the UK Corporate Governance Code and UK market practice.

During the post-vesting holding period, the participant cannot normally transfer any Ordinary Shares received on vesting (except to cover tax and similar limited exceptions). The Remuneration Committee will set the length of the holding period at grant and may waive the holding period in the event of certain corporate events.

11.4.7 Malus and clawback

The Remuneration Committee can decide to reduce the number of Ordinary Shares in respect of which a LTIP Award vests and/or, in some cases, may claw back Ordinary Shares or cash received in certain circumstances, including those relating to material misstatement of accounts, errors in calculating the LTIP Award, corporate failure and a participant's conduct resulting in material reputational damage.

11.4.8 Leaving Alphawave IP

If the participant leaves Alphawave IP, their LTIP Award will normally lapse upon leaving (but not if they leave during any holding period, except if the participant leaves in circumstances in which their employment could have been terminated without notice or otherwise due to their misconduct).

However, if they leave for certain defined reasons (e.g. ill-health, injury, redundancy or sale of employer) or in other circumstances if the Remuneration Committee allows, their LTIP Award will continue in effect. The number of Ordinary Shares in respect of which it eventually vests will be determined in accordance with any performance condition and, unless the Remuneration

Committee decides otherwise, will be reduced on a pro-rata basis to reflect the fact that the participant left early.

In these circumstances, the Remuneration Committee may instead decide that the LTIP Award will vest on or after leaving. If they do so, the number of Ordinary Shares in respect of which it vests will be determined by the Remuneration Committee having regard to any performance condition and, unless it decides otherwise, the number of Ordinary Shares vesting will be reduced on a pro-rata basis to reflect the fact that the participant left early.

If the participant dies, LTIP Awards will normally vest upon death in full.

LTIP Options which do not lapse on leaving will be exercisable for six months (or 12 months in the case of death) from the date of leaving or the date of vesting, if later. The Remuneration Committee may extend exercise periods.

A Bonus Deferral Award will not normally lapse on leaving Alphawave IP (on the basis that it is deferral of a bonus already earned).

11.4.9 Change of control and other transactions

Each LTIP Award will vest early if there is a change of control of the Company. The number of Ordinary Shares in respect of which it vests will be determined by the Remuneration Committee having regard to any performance condition and, unless it decides otherwise, the number of Ordinary Shares vesting will be reduced on a pro-rata basis to reflect the fact that it is vesting early.

Options will be exercisable to that extent for a limited period after which they will lapse.

Alternatively, the Remuneration Committee may allow or require participants to exchange LTIP Awards for equivalent awards which relate to shares in the company which acquires control or a related company.

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of Ordinary Shares, the Remuneration Committee may determine that LTIP Awards will vest early (wholly or in part), having regard to any performance condition and, unless it decides otherwise, the number of Ordinary Shares vesting will be reduced on a pro rata basis to reflect the fact that it is vesting early.

11.4.10 Dilution controls

In any five-year period, the number of Ordinary Shares which may be issued under the Long Term Incentive Plan and under any other discretionary share plan adopted by the Company may not exceed five per cent. of the issued ordinary share capital of the Company from time to time.

In any five-year period, the number of Ordinary Shares which may be issued under any other employees' share plan operated by the Company (including the Long Term Incentive Plan) may not exceed ten per cent. of the issued ordinary share capital of the Company from time to time.

For the purposes of these limits, treasury Shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise. Shares issued or awards or options granted before Admission are ignored.

Whilst it is recognised that the UK standard is to maintain award levels within a ten per cent. limit over ten years, the Company views the proposed policy limit as necessary to continue to support the importance the Company has always placed on meaningful employee-wide share ownership (in order to encourage entrepreneurialism), and to enable the Company to retain and compete for talent against US-based competitors.

11.4.11 Changes to the Long Term Incentive Plan

The Board can amend the Long Term Incentive Plan in any way but shareholder approval will be required to amend certain provisions to the advantage of participants. These provisions relate to: eligibility; individual and plan limits; exercise price; rights attaching to options and shares; adjustments on variation in the Company's share capital; and the amendment power.

The Board can, without shareholder approval:

- change the Long Term Incentive Plan to obtain or maintain favourable tax treatment;
- make certain minor amendments, e.g. to benefit administration;
- establish further plans based on the Long Term Incentive Plan, but modified to take account of local securities laws, exchange controls or tax legislation (but shares made available under such further plans will be treated as counting against any limits on participation in the main plan); and
- change any performance condition in accordance with its terms or if anything happens which causes the Remuneration Committee to consider it appropriate to do so.

11.4.12 General

LTIP Awards may be satisfied using newly issued Ordinary Shares, treasury Shares or Ordinary Shares purchased in the market.

Any Ordinary Shares issued pursuant to LTIP Awards will rank equally with Ordinary Shares in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

The exercise price and/or number or type of shares subject to LTIP Options and Conditional Awards may be adjusted in such manner as the Remuneration Committee considers reasonable to take account of any rights issue (or similar transaction), demerger, delisting, special dividend or variation in the share capital of the Company.

The vesting and exercise of awards and options and the issue or transfer of Ordinary Shares are subject to obtaining any necessary approvals or consents from the FCA, the Company's share dealing policy and any other applicable laws or regulations.

LTIP Awards are not transferable (other than on death or in exceptional circumstances) and are not pensionable.

11.5 All-employee plans: the Alphawave IP sharesave plan (the "Sharesave Plan") and the Alphawave IP share incentive plan (the "Share Incentive Plan")

The Company has also adopted two all-employee plans, the principal features of which are set out below. The dilution controls, limits on the amendment powers and the general terms described above in relation to the Long Term Incentive Plan apply, with appropriate modifications, to the Sharesave Plan and the Share Incentive Plan.

11.6 Principal features of the Sharesave Plan

11.6.1 Operation

There is no immediate intention to operate the Sharesave Plan.

11.6.2 Eligibility

All UK employees and full-time directors of the Company and any participating subsidiary may participate in this Plan. However, the Directors may set a qualifying period of continuous employment (which cannot exceed five years) for eligibility. When this Plan is operated, all eligible employees must be invited to participate. Other employees may also be invited to participate at the discretion of the Directors.

11.6.3 Savings contract

Under this Plan, participants are granted an option over Ordinary Shares and must enter into a savings contract, in connection with the option, to save between £5 and £500 per month by deduction from their salary. Ordinary Shares can normally only be acquired with the amount saved (plus any interest or bonus).

11.6.4 Option price

The Directors set the option price which normally must not be less than 80 per cent. of the market value of an Ordinary Share on the business day before the date of grant or the average market value over the five preceding business days.

11.6.5 Exercise of options

Options can normally only be exercised for six months starting three or five years after the start of the savings contract.

Options may, however, be exercised early in certain circumstances. These include, for example, an employee leaving because of ill-health, retirement, death or redundancy or where the company or business for which the participant works leaves the Group. On cessation of employment for other reasons, options will normally lapse.

Options may also be exercised early in the event of a change of control of the Company, including a court sanctioning a scheme of arrangement, a compromise, or on a winding-up of the Company if certain conditions are met.

11.6.6 US tax qualified options

The Plan allows for the grant of options on a broadly similar basis to that described above which qualify for favourable tax treatment in the US. These are exercised at the end of a purchase period of no more than 27 months from the date of grant. The value of shares, at grant, is limited to \$25,000 and the exercise price of the option must not be less than 85 per cent. of the price on the date of grant or on the date of exercise or the lesser of the two.

11.7 Principal features of the Share Incentive Plan

11.7.1 Eligibility

All employees and executive directors of the Company and any participating subsidiary may participate in this plan. The Directors may set a qualifying period of continuous employment (which cannot exceed 18 months) for eligibility. When this plan is operated, all eligible employees must be invited to participate. In addition, the Directors may offer participation to any other employees.

11.7.2 Operation

There is no immediate intention to operate the Share Incentive Plan.

Employees may be offered free, partnership and/or matching shares, as the Directors decide, each time they operate the plan. The plan may also offer dividend reinvestment. This will allow the Directors to implement the plan in the way they consider most appropriate for the Company.

The plan operates in conjunction with a trust, which will hold Ordinary Shares on behalf of participants.

11.7.3 Free Shares

Participants can be given free Ordinary Shares (“**free shares**”) with a market value limited by the tax legislation to, currently, £3,600 a year. The free shares must generally be offered to all eligible employees on similar terms but the number of free shares can vary by reference to the participant’s remuneration, length of service or hours worked. The Directors may make the awards of free shares subject to performance targets.

Free shares must generally be held in trust for between three and five years. The Directors may require free shares to be forfeited if the participant leaves employment within three years other than through death, retirement, redundancy, injury or disability, or his or her employing company or business being sold out of the Group.

11.7.4 Partnership Shares

Employees may be offered the opportunity to buy Ordinary Shares (“**partnership shares**”) by deduction from their pre-tax salary. Under current legislation, they can buy up to £1,800 in each tax year or, if less, 10 per cent. of salary.

The trustee may use the deductions from participants' salary to buy partnership shares on their behalf immediately. Alternatively, it may accumulate them for a period of up to one year and then use them to buy partnership shares at the end of the period. If this happens, participants will be allocated partnership shares by reference to the lower of their market value at the beginning or end of the period.

Participants can stop their salary deductions at any time. Any sums repaid will be subject to tax.

Participants can also withdraw partnership shares from the Plan at any time, although there are tax advantages if the partnership shares are retained in the Plan.

11.7.5 Matching Shares

The Directors may award additional free Ordinary Shares ("**matching shares**") on a matching basis to participants who buy partnership shares. Under the current legislation, up to a maximum of two matching shares can be offered for each partnership share. Matching shares must be offered on the same basis to each participant purchasing partnership shares on each occasion. Matching shares must generally be held in trust for a holding period of between 3 and 5 years. The Directors may decide that matching shares will be forfeit on the same basis as free shares or if the corresponding partnership shares out of the Plan or leaves employment.

11.7.6 Dividends

Cash dividends paid on Ordinary Shares held in the Plan may be reinvested in Ordinary Shares up to certain limits set out in the legislation.

11.7.7 Voting Rights

The trustees can only vote shares held in the Plan in accordance with participants' instructions.

11.8 Annual bonus

All employees, including Executive Directors, will be eligible to participate. The bonus will be based on a balanced commercial scorecard, including at least 60 per cent. financial performance measures, with the rest based on operational performance measures. At least a third of the bonus will be subject to deferral into shares for at least two years. Malus and clawback provisions will apply in broadly the same way as described for LTIP Awards.

11.9 Shareholding Guidelines

Executive Directors will be encouraged to build their personal shareholding to align interests with the interests of shareholders. In-employment guidelines will be 200 per cent. of salary, to be built up over a period of five years for new joiners. This guideline amount should be maintained for two years following cessation.

12 Subsidiaries, Joint Ventures and Associates

Following completion of the Pre-IPO Reorganisation, the Company will be the principal holding company of the Group and the principal subsidiaries and subsidiary undertakings of the Company will be as follows:

<u>Name</u>	<u>Country of incorporation and registered office</u>	<u>Percentage of shares held immediately prior to Admission</u>	<u>Principal activity</u>
Alphawave Call Inc.	Canada	100%	Holding company incorporated to facilitate the Exchangeable Share structure
Alphawave Exchange Inc. ⁽¹⁾ . . .	Canada	100%	Holding company incorporated to facilitate the Exchangeable Share structure
Alphawave IP Inc	Canada	100%	Operating company
Alphawave IP Corp	US	100%	Operating company

Note:

(1) ExchangeCo also has Exchangeable Shares in issue, as further described in paragraph 4.5 of this Part XIX: "*Additional Information — The Exchangeable Shares*".

13 Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group within the two years immediately preceding the date of this Prospectus or, in the case of the Underwriting Agreement are expected to be entered into prior to Admission, and are or may be material:

13.1 Underwriting Agreement

On 12 May 2021, the Company, the Directors, the Majority Shareholders, the SSE Agent (acting as agent for and on behalf of the Minority Shareholders pursuant to the Deeds of Election), the Stabilising Manager and the Underwriters entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement:

- 13.1.1 the Company has agreed, subject to certain conditions, to allot and issue, at the Offer Price, the New Shares to be issued in connection with the Global Offer;
- 13.1.2 the Majority Shareholders and the SSE Agent have agreed, subject to certain conditions, to sell the Sale Shares in the Global Offer at the Offer Price;
- 13.1.3 the Underwriters have severally agreed, subject to certain conditions, to procure subscribers and purchasers (or subscribe or to purchase themselves) for the Offer Shares (in such proportions as will be set out in the Underwriting Agreement);
- 13.1.4 the Underwriters shall receive a commission of:
 - (a) 2.5 per cent. of the product of the Offer Price and the number of New Shares allotted pursuant to the Global Offer from the Company; and
 - (b) 2.5 per cent. of the product of the Offer Price and the number of Sale Shares sold in the Global Offer from each of the Majority Shareholders and the SSE Agent;
- 13.1.5 the Over-allotment Shareholders have agreed to pay the Underwriters a commission of 2.5 per cent. of the product of the Offer Price and the number of Over-allotment Shares sold by it, if any, pursuant to the exercise of the Over-allotment Option;
- 13.1.6 in addition:
 - (a) the Company may pay an additional discretionary commission in any amount up to 1 per cent. of the product of the Offer Price and the number of New Shares sold in the Global Offer;
 - (b) the Majority Shareholders and the SSE Agent may pay an additional discretionary commission in any amount up to 1 per cent. of the product of the Offer Price and the number of Sale Shares sold in the Global Offer; and
 - (c) the Over-allotment Shareholders may pay an additional discretionary commission in any amount up to 1 per cent. of the product of the Offer Price and the number of Over-allotment Shares sold by it, if any, pursuant to the exercise of the Over-allotment Option;
- 13.1.7 the obligations of the Underwriters to procure subscribers and/or purchasers for or, failing which, themselves to subscribe for or purchase, Offer Shares (as the case may be) on the terms of the Underwriting Agreement are subject to certain conditions. These conditions include the absence of any breach of representation or warranty under the Underwriting Agreement and Admission occurring on or before 8.00 a.m. (London time) on 18 May 2021 (or such later time and/or date as the Joint Global Co-ordinators and the Company may agree (being not later than 30 June 2021)). In addition, the Joint Global Co-ordinators have the right to terminate the Underwriting Agreement, exercisable in certain circumstances prior to Admission;
- 13.1.8 Barclays Capital Securities Limited, as Stabilising Manager, has been granted the Over-allotment Option by the Over-allotment Shareholders pursuant to which it may purchase, or procure purchasers for, up to 31,304,348 Over-allotment Shares at the Offer Price for the purpose of covering short positions resulting from over-allotments, if any, in connection with the Global Offer, and/or any sales of Ordinary Shares made during the stabilisation period. If any Over-allotment Shares are sold following exercise of the Over-allotment Option, the Stabilising Manager (on behalf of the Underwriters) has agreed to pay to the Over-allotment Shareholders, to the extent payment is received by the Stabilising Manager from the Underwriters, an amount

equal to the Offer Price multiplied by the number of Over-allotment Shares purchased from the Over-allotment Shareholders, less commissions, costs and expenses;

- 13.1.9 the Majority Shareholders and the SSE Agent have agreed to pay any stamp duty and/or stamp duty reserve tax arising on the sale of Sale Shares;
- 13.1.10 to the extent permitted by law, the Company has agreed to pay its share of the costs, charges, fees and expenses of the Global Offer (together with any related VAT);
- 13.1.11 each of the Company, the Directors and the Majority Shareholders has given certain representations, warranties and undertakings, subject to certain limits, to the Underwriters;
- 13.1.12 the Company has given an indemnity to the Underwriters and their associates on customary terms;
- 13.1.13 the parties to the Underwriting Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Global Offer in relevant jurisdictions; and
- 13.1.14 the Underwriting Agreement contains lock-up provisions described in more detail in paragraph 11 of Part XVIII: “*The Global Offer — Lock-Up Arrangements*”.

13.2 Stock Lending Agreement

In connection with the Over-allotment Option, the Stabilising Manager will enter into a stock lending agreement (the “**Stock Lending Agreement**”) with each of Pitech Investments Inc., Jeevan Capital Inc., 2641239 Ontario, Inc. and July Twelve Capital Limited, pursuant to which the Stabilising Manager, on Admission, will be able to borrow up to 31,304,348 Ordinary Shares for the purposes, among other things, of allowing the Stabilising Manager to settle, at Admission, over-allotments of Ordinary Shares, if any, made in connection with the Global Offer. If the Stabilising Manager borrows any shares pursuant to the Stock Lending Agreement, it will be required to return equivalent securities to the relevant lender in accordance with the terms of the Stock Lending Agreement.

13.3 Cornerstone Investment Agreements

- 13.3.1 On 21 April 2021, in each case in connection with the Global Offer, the Company and the Cornerstone Investors entered into the Cornerstone Investment Agreements.
- 13.3.2 Subject to the terms of the Cornerstone Investment Agreements, the Cornerstone Investors have agreed to subscribe for, in aggregate, approximately USD \$510 million of Offer Shares at the Offer Price, consisting of a commitment of USD \$390.4 million from certain funds and accounts under the management of BlackRock and GBP £85.2 million from Henderson Global Investors Limited (each a “**Cornerstone Commitment**”).
- 13.3.3 Each of the Cornerstone Investment Agreements has been entered into on substantially the same terms, except as noted below. A summary of the material terms of the Cornerstone Investment Agreements is as set out below.
- 13.3.4 Each Cornerstone Investment Agreement contains, amongst others, the following provisions:
 - (a) the obligation of the Company to deliver, and the obligation of the Cornerstone Investor to acquire and pay for, the number of Offer Shares it has agreed to subscribe for which is equal to the number of Offer Shares resulting from dividing its Cornerstone Commitment by the Offer Price pursuant to the relevant Cornerstone Investment Agreement is subject to certain conditions that are typical for an agreement of this nature. These conditions include:
 - the approval by the FCA of this Prospectus; and
 - Admission having occurred,(together, the “**Conditions**”);
 - (b) the agreement may be terminated:
 - if the Conditions have not been fulfilled on or before 30 June 2021 (or such other date as may be agreed between the Company and the Cornerstone Investor);

- by the Company in the event there is a material breach of the agreement by the Cornerstone Investor; and
 - with the written consent of all the parties to the agreement;
- (c) each of the parties has given certain customary representations and warranties to the other, in particular regarding compliance with laws and regulations affecting the entry into the relevant Cornerstone Investment Agreement in relevant jurisdictions. The terms of each Cornerstone Investment Agreement do not limit the liability of the parties for breach of contract as to time or amount;
- (d) the Company has represented and warranted to each of the Cornerstone Investors that, upon the publication of this document, the Company shall have publicly disclosed all inside information delivered to the Cornerstone Investor by the Company in connection with the transaction contemplated by the relevant Cornerstone Investment Agreement; and
- (e) the agreement is governed by English law.
- 13.3.5 The Cornerstone Investment Agreement entered into with funds and accounts under the management of BlackRock contains additional Conditions, being (amongst others):
- (a) the market capitalisation of the Company at the Offer Price being no more than USD 4.5 billion (or such other amount as may be agreed in writing); and
 - (b) there being no material changes to the contents of this Prospectus as compared with the corresponding sections of the draft pathfinder prospectus provided to the investors, that would have required the publication of a supplementary prospectus (unless approved).

13.4 BoM Facility

13.4.1 The Group has a credit facility with Bank of Montreal, which includes an approved operating line that can be drawn upon to a maximum of \$8,150,000 (the “**BoM Facility**”). This facility comprises:

- a \$1,000,000 operating facility, for general operating requirements;
- a \$7,000,000 asset and capital financing facility, to finance up to 100 per cent. of pre-shipment costs of export sales contracts and/or purchase orders; and
- \$150,000, in aggregate, across corporate credit card and treasury (interest and foreign exchange risk) hedging facilities.

Amounts can be borrowed under the operating and the asset and capital financing facilities in CaD or USD, and they incur interest at the Canadian prime rate or US base rate (as applicable) plus 1.50 per cent. Amounts borrowed under the BoM Facility are guaranteed by Export Development Canada and are repayable upon demand. The Group is subject to standard financial covenants and periodic reporting requirements pursuant to the terms of the BoM Facility. In connection with entry into the BoM Facility, the Group has granted Bank of Montreal conventional security interest in assets of the Group.

At 31 December 2020, the Group’s borrowed balance under the BoM Facility was nil.

13.5 Product Partnership

On 24 April 2021, Alphawave IP and Wise Road Capital entered into the Framework Agreement (or FA), which sets out a framework under which the parties aim to collaborate on the design and sale of semiconductor products through formation of the Product Partnership Company, a fabless integrated design and intellectual property licensing company, and the Subscription License Agreement (or SLA) under which Alphawave IP will provide a subscription licence of certain semiconductor IP technology for incorporation into Product Partnership Company products.

13.5.1 The Framework Agreement

The Framework Agreement set out the parties’ intentions to collaborate through joint investment in capabilities for the design and sale of semiconductor products with a focus on customers in China, Hong Kong and Macau (the “**Territory**” for purposes of this paragraph 13.5).

The Framework Agreement further sets out the parties' obligations with respect to creation of the Product Partnership Company. Pursuant to the terms of the Framework Agreement, the parties have agreed to jointly invest up to USD \$400 million in cash as the registered capital of the Product Partnership Company, of which up to USD \$170 million will be contributed by Alphawave IP and up to USD \$230 million will be contributed by Wise Road Capital, with an initial investment of (in aggregate) at least USD \$100 million, and in each case on a *pro rata* basis, following the initial public offering of the Company and the initial shareholders' meeting of the Product Partnership Company. These investment commitments are contingent upon completion by the parties of preliminary organisational matters, such as creation of the Product Partnership Company and procurement of relevant approvals and registrations by Wise Road Capital. The parties have agreed certain non-compete provisions with respect to their respective activities and the activities of the Product Partnership Company in the Territory (which provisions do not affect Alphawave IP's ability to license its IP for third-party customer use globally).

In addition, the Framework Agreement sets out agreed terms in relation to certain governance matters and entry into a shareholder agreement to be entered into on or before 15 June 2021. Under these arrangements, Wise Road Capital will have the right to (i) appoint three of the five directors of the Product Partnership Company, (ii) nominate key senior management personnel (including a chief executive officer, chief financial officer, chief technology officer, sales manager and general manager) for approval by the board of directors, and (iii) control day-to-day control of operations, subject to certain veto rights in favour of the Group. The Framework Agreement provides for Alphawave IP and Wise Road Capital shall agree on an initial business plan to be attached to the shareholder agreement.

The parties have further agreed to negotiate additional agreements to permit co-ordination of customer licensing arrangements between Alphawave IP, the Product Partnership Company and VeriSilicon and entry into the VAR Variation Agreement and the Master IP Reseller Agreement.

The Framework Agreement contains customary provisions in relation to confidentiality of information and responsibility for losses resulting from breach of the Framework Agreement. The parties may mutually agree to terminate the Framework Agreement at any time, or either party may terminate the Framework Agreement unilaterally for breach of the investment obligations set out therein. The Framework Agreement is governed by the laws of the People's Republic of China.

13.5.2 The Subscription License Agreement

Under the SLA, Alphawave IP grants an affiliate of Wise Road Capital a non-exclusive, worldwide and royalty-bearing subscription licence to use and modify a pre-defined set of the Group's IP cores as set out in the SLA (including all corrections and enhancements that are provided by Alphawave IP to any other customers during the Subscription Period, as defined below) (the "**IP Cores**") for a period of five years ("**Subscription Period**"). The Product Partnership Company will become the licensee under the SLA once it is established.

The SLA provides for payment of a subscription fee and royalty fees by the Product Partnership Company under the SLA. The subscription fee of USD \$109 million is payable over the Subscription Period as follows:

- first year: USD \$12 million payable 30 days after the establishment of the Product Partnership Company, and USD \$12 million payable 30 days after the deliverables relating to the IP Cores have been made available to the Product Partnership Company;
- second and third years: USD \$24 million per year, payable quarterly; and
- fourth and fifth years: USD \$18.5 million per year, payable quarterly.

Any revenues from the sale of Product Partnership products incorporating any of the IP Cores will be subject to a 3 per cent. royalty payable to Alphawave IP.

In addition, the SLA includes an option that permits the Product Partnership Company to expand the subscription licence to include a second pre-defined set of the Group's IP cores, on payment of an additional subscription fee of USD \$105 million (payable in 12 equal instalments on a

quarterly basis from the option exercise date). Upon exercise of this option, the expanded IP Cores will be licensed on the same terms as the IP Cores that are initially included in the SLA.

If there is any change in applicable laws or governmental regulations that frustrate the Product Partnership Company's ability to access and use the IP Cores, the parties will suspend their activities and license fee payment obligations under the SLA for up to six months. If the Product Partnership Company's ability to use the IP Cores cannot be restored, the parties will negotiate a mutual termination of the SLA.

At the end of the Subscription Period, the Product Partnership Company's access to the IP Cores will be discontinued and the SLA will terminate; provided that the Product Partnership Company has the option to pay an additional fee of USD \$1 million in exchange for a perpetual extension of access to the subscribed for IP Cores following the end of the Subscription Period and access to fixes and corrections only (no other enhancements) to the IP Cores that Alphawave IP delivers to any other customers during the ten-year period following the end of the Subscription Period.

Alphawave IP and its affiliates are expressly prohibited from selling integrated circuit devices containing the IP Cores in the Territory. In addition, the SLA contains customary provisions in relation to technical support, confidentiality of information, warranties, indemnification against third party infringement claims, and limitations of liability. Either party may terminate the SLA due to the other party's uncured material breach. The SLA is governed by the laws of England and Wales.

14 Selling Shareholders

The identity of the Selling Shareholders, their business address and the maximum number of Ordinary Shares each will sell in the Global Offer are as follows:

<u>Selling Shareholder</u>	<u>Business Address</u>	<u>Number of Sale Shares</u>	<u>Maximum Number of Over-allotment Shares</u>
Pitech Investments Inc.	Geneva Place, 2nd Floor, 333 Waterfront Drive, Road Town, Tortola, British Virgin Islands	17,423,600	7,826,087
Jeevan Capital Inc.	Flagship Buildings, Suite 401, 70 Harbour Drive, George Town, Grand Cayman, KY1-1105 Cayman Islands	17,423,600	7,826,087
2641239 Ontario Inc.	Flagship Buildings, Suite 401, 70 Harbour Drive, George Town, Grand Cayman, KY1-1105 Cayman Islands	17,423,600	7,826,087
Sutardja Family LLC	1679 South Dupont Highway, Suite 100, Dover (Kent County), Delaware, 19901, United States of America	17,442,100	—
July Twelve Capital Limited	Trinity Chambers, PO Box 4301, Road Town, Tortola, British Virgin Islands	17,423,596	7,826,087
Wise Road Alpha Investment Fund I, L.P.	Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 104 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands	6,705,520	—

<u>Selling Shareholder</u>	<u>Business Address</u>	<u>Number of Sale Shares</u>	<u>Maximum Number of Over-allotment Shares</u>
Wise Road Industry Investment Fund I, L.P. . .	Harneys Services (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands	3,352,760	—
Employees and certain other shareholders	1001-170, University Ave, Toronto, Ontario, Canada, M5H 3B3	10,615,220	—

15 Litigation

There are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability.

16 Related Party Transactions and Other Arrangements

Details of related party transactions entered into by members of the Group during the period covered by the historical financial information contained in this Prospectus are set out in note 27 of Part B of Part XV: "*Historical Financial Information*".

Save as set out above, there are no related party transactions that were entered into during the period covered by the Consolidated Historical Financial Information.

17 Working Capital

In the opinion of the Company, taking into account the net proceeds receivable by the Company from the subscription for New Shares in the Global Offer, the working capital available to the Group is sufficient for its present requirements, that is for at least the 12 months following the date of this Prospectus.

18 No Significant Change

18.1 There has been no significant change in the financial position of the Company since 9 December 2020, being the date of its incorporation.

18.2 There has been no significant change in the financial position or financial performance of the Group since 31 December 2020, being the date to which the audited consolidated financial information of the Group as set out in Part B of Part XV: "*Historical Financial Information*" was published.

19 Auditors

The auditors of the Company for the period from incorporation on 9 December 2020 to the present have been KPMG LLP, Chartered accountants, whose registered address is at 15 Canada Square, London E14 5GL.

20 Consents

20.1 KPMG LLP, a member firm of the Institute of Chartered Accountants in England and Wales and whose registered address is at 15 Canada Square, London E14 5GL, has given and has not withdrawn its written consent to the inclusion in this Prospectus of the reports included in Part A of Part XV: "*Historical Financial Information*" and Part A of Part XVI: "*Unaudited Pro Forma Financial Information*", and has authorised the contents of those Parts of this Prospectus which comprise its reports for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018.

A written consent under the Prospectus Regulation Rules is different from a consent filed with the SEC under Section 7 of the US Securities Act. As the Ordinary Shares have not been and will not be

registered under the US Securities Act, KPMG has not filed and will not be required to file a consent under Section 7 of the US Securities Act.

21 Takeover Regulation

The Takeover Code is issued and administered by the Takeover Panel. The Company is subject to the Takeover Code and therefore its shareholders are entitled to the protections afforded by the Takeover Code. Following completion of the Pre-IPO Reorganisation, acquisitions of voting rights in the Company, including, without limitation, through acquisitions of Exchangeable Shares will be regulated by, among other regulations, the Takeover Code.

Other than as provided by the Takeover Code and Part 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares of the Company or to Exchangeable Shares.

21.1 Mandatory Bids

Under Rule 9 of the Takeover Code, when: (a) a person acquires any interest in shares which (when taken together with shares in which he or she and persons acting in concert with him or her are interested) carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code; or (b) any person who, together with persons acting in concert with him or her, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company subject to the Takeover Code but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any persons acting in concert with him or her, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he or she is interested, then, in either case, that person, together with the person acting in concert with him or her, is normally required to extend offers in cash, at the highest price paid by him or her (or any persons acting in concert with him or her) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital, whether voting or non-voting, and also to the holders of any other class of transferable securities carrying voting rights.

The Takeover Panel has confirmed that, based on the information regarding the Exchangeable Share Structure provided to it, regardless of the number of Underlying Shares held by JerseyCo in connection with the Exchangeable Share Structure, JerseyCo would not be required to make a mandatory bid for the outstanding shares in the Company.

21.2 Authority of the Company to redeem or purchase its own shares

When a company redeems or purchases its own voting shares, under Rule 37 of the Takeover Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code. Rule 37 of the Takeover Code provides that, subject to prior consultation, the Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the Takeover Code is followed. Appendix 1 to the Takeover Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the Takeover Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, concert parties with any of the directors. However, there is no presumption that all the directors (or any two or more directors) are concert parties solely by reason of a proposed purchase by a company of its own shares, or the decision to seek shareholders' authority for any such purchase.

Under Note 2 on Rule 37 of the Takeover Code, the exception in Note 1 on Rule 37 described above will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when they had reason to believe that such a purchase of their own shares by the company would take place. Note 2 generally will not be relevant unless the relevant person knows that a purchase for which requisite shareholder authority exists is being, or is likely to be, implemented (whether in whole or in part).

The Takeover Panel must be consulted in advance in any case where Rule 9 of the Takeover Code might be relevant. This will include any case where a person or group of persons acting in concert is

interested in shares carrying 30 per cent. or more but do not hold shares carrying more than 50 per cent. of the voting rights of a company, or may become interested in 30 per cent. or more on full implementation of the proposed purchase by the company of its own shares. In addition, the Takeover Panel should always be consulted if the aggregate interests in shares of the directors and any other persons acting in concert, or presumed to be acting in concert, with any of the directors amount to 30 per cent. or more, or may be increased to 30 per cent. or more on full implementation of the proposed purchase by the company of its own shares.

On 12 May 2021, the Company obtained shareholder approval to purchase its own shares under the terms of the shareholder resolutions summarised in paragraph 3.5 of Part XIX: “*Additional Information — Share capital*” (the “**Buyback Authority**”). The maximum number of shares that the Company may purchase under this authority is 10 per cent. of the Company’s issued share capital immediately following Admission. The authority will expire at the conclusion of the first annual general meeting of the Company (or, if earlier, on the date falling 15 months after the resolution conferring it is passed).

If, prior to such expiry: (a) the Company were to exercise the Buyback Authority in full; (b) the aggregate percentage beneficial shareholding of the Principal Shareholders and their associates in the Company immediately following Admission will be approximately 52.24 per cent. of the issued share capital of the Company, assuming no exercise of the Over-allotment Option, or approximately 47.01 per cent. if the Over-allotment Option is exercised in full; and (c) none of the Ordinary Shares which the Principal Shareholders and their associates hold are purchased by the Company under the Buyback Authority and no Ordinary Shares have been newly issued by the Company between the date of Admission and the date that the authority is fully exercised, then the shareholding of Principal Shareholders and their associates in the Company would increase to approximately 47.01 per cent., assuming no exercise of the Over-allotment Option, and approximately 42.31 per cent. if the Over-allotment Option is exercised in full. This increase would be less to the extent that: (i) any of the Ordinary Shares of the Principal Shareholders and their associates are purchased by the Company; and (ii) as noted below, the Stabilising Manager had exercised the Over-allotment Option by acquiring further Ordinary Shares from Principal Shareholders and their associates.

If the increase results in the aggregate percentage beneficial shareholding of the Principal Shareholders and their associates in the Company increasing above 50 per cent. and for so long as they continue to be treated as acting in concert, they will be entitled to further increase their aggregate shareholdings without incurring any obligation under Rule 9 to make a general offer. They will also be able to block and pass ordinary resolutions of the Company as they would control in excess of 50 per cent. of its voting rights.

In respect of the period from Admission up to the close of business on 30 June 2022 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2022, the Takeover Panel has confirmed that, notwithstanding Rule 37.1 of the Takeover Code, this potential increase in the shareholding of Principal Shareholders and their associates in the Company due to the Buyback Authority (whether or not the shareholding increases above 50 per cent.) will not require the Principal Shareholders and their associates to make a mandatory offer pursuant to Rule 9 of the Takeover Code, and therefore a whitewash resolution of the independent shareholders will not be necessary.

This confirmation has been given on the basis that (a) the Buyback Authority was passed prior to Admission and (b) the consequences of such a buyback have been fully disclosed in this document. However, following the close of the annual general meeting of the Company to be held in 2022 or, if earlier, 15 months from the date on which the resolution was passed, to the extent that authority for share buybacks may be sought in future, approval for a whitewash resolution will be sought from the Takeover Panel and from the independent shareholders of the Company at that time to the extent necessary.

21.3 Stabilisation arrangements in connection with the Global Offer

Under the stabilisation arrangements described in paragraph 7 of Part XVIII: “*The Global Offer — Over-Allotment and Stabilisation*”, the Stabilising Manager, or any of its agents, may (but will be under no obligation to) borrow Ordinary Shares (representing in aggregate up to 15 per cent. of the total number of Offer Shares (prior to any exercise of the Over-allotment Option)) from the Over-allotment Shareholders under the terms of the Stock Lending Agreement for the purposes of satisfying over-allotments of Ordinary Shares. The Over-allotment Option is exercisable in whole or in part, upon

notice by the Stabilising Manager, at any time on or before the thirtieth calendar day after the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange. The Stabilising Manager will redeliver to the Over-allotment Shareholders equivalent securities in respect of any borrowing it makes under the terms of the Stock Lending Agreement by transferring the same number of Ordinary Shares to the Over-allotment Shareholders as the Stabilising Manager has borrowed from the Over-allotment Shareholders. The Stabilising Manager may also utilise the Over-allotment Option to acquire Ordinary Shares representing in aggregate up to 15 per cent. of the total number of Offer Shares (prior to the utilisation of the Over-allotment Option) from the Over-allotment Shareholders whereupon the Over-allotment Shareholders will be obliged to transfer such Ordinary Shares to the Stabilising Manager.

As a result of the combined effect of lending Ordinary Shares pursuant to the Stock Lending Agreement and granting the Over-allotment Option, each Over-allotment Shareholder's shareholding in the Company can only remain the same or decrease from what its shareholding would be if it was not party to any stabilisation arrangements. In particular, each Over-allotment Shareholder's shareholding in the Company will return to its original level when the loan is repaid and then decrease if the Stabilising Manager acquires Ordinary Shares from it pursuant to utilisation of the Over-allotment Option. The Takeover Panel has confirmed that, pursuant to Note 4 on the definition of "Interests in securities" and Note 18 on Rule 9.1 in the Takeover Code, none of the Over-allotment Shareholders will be treated as having disposed of an interest in any Ordinary Shares when it lends Ordinary Shares to the Stabilising Manager under the Stock Lending Agreement and will not therefore be treated as having increased its interest in Ordinary Shares upon the redelivery of the lent Ordinary Shares. Accordingly, no Rule 9 mandatory offer obligation will arise under the stock lending arrangements.

An announcement will be made by the Company or by the Stabilising Manager on its behalf following utilisation of the Over-allotment Option, and a further announcement will be made to record the movements that have taken place in the Over-allotment Shareholders' shareholding in the Company consequently upon the arrangements referred to above.

21.4 Squeeze-Out

Under the Companies Act, if a takeover offer (as defined in section 974 of the Companies Act) is made for the Ordinary Shares and the offeror was to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the takeover offer relates (the "**Takeover Offer Shares**") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it could compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

21.5 Sell-Out

The Companies Act gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer relates, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror is required to give any shareholder notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

21.6 Concert Party Presumptions

Under the Takeover Code, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies (such as the Company) will generally be presumed to be acting in concert with each other.

The Company expects the Principal Shareholders will be presumed to be acting in concert with each other.

22 General

The Company will bear approximately £21.2 million of fees and expenses in connection with the Global Offer and Admission, including commissions payable to the Underwriters (including the maximum amount of any discretionary commission), other estimated fees and expenses in connection with the Global Offer and Admission and amounts in respect of VAT.

23 Documents Available for Inspection

Copies of the following documents are available for inspection during usual business hours (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission at the offices of Linklaters LLP at One Silk Street, London EC2Y 8HQ and at the Company's registered office at 6th Floor, 65 Gresham Street, London, EC2V 7NQ, United Kingdom and on the Group's website at www.awaveip.com:

- (a) the Articles of Association;
- (b) the consent letter referred to in "Consents" in paragraph 20 of this Part XIX: "*Additional Information — Consents*";
- (c) the reports of KPMG LLP which are set out in Part A of Part XV: "*Historical Financial Information*" and Part A of Part XVI: "*Unaudited Pro Forma Financial Information*"; and
- (d) this Prospectus.

This Prospectus will be published in electronic form and be available on the Group's website at www.awaveip.com.

Dated: 13 May 2021

PART XX

DEFINITIONS

Definitions

The following definitions apply throughout this Prospectus unless the context requires otherwise:

Admission	the admission of the Ordinary Shares to the standard listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards published by the London Stock Exchange
Affiliate	persons who are "affiliates" within the meaning of Rule 501(b) of Regulation D under the US Securities Act
AI	artificial intelligence
Alphawave IP or Group	the Company and its consolidated subsidiary undertakings, or (where referring or relating to periods prior to the Pre-IPO Reorganisation), Alphawave IP Inc. and its consolidated subsidiary undertakings
Alphawave IP Inc.	Alphawave IP Inc., a company incorporated under the laws of the Province of Ontario, Canada
Articles of Association or Articles	the articles of association of the Company
ASP	average selling price(s)
Audit Committee	the audit committee of the Board
Automatic Exchange Right	the right for each Exchangeable Share (other than those held by the Company and its affiliates) to automatically be purchased from each holder for the Exchangeable Share Purchase Price pursuant to the terms of the Voting and Exchange Trust Agreement
Automatic Exchange Right on Liquidation	the right for each Exchangeable Share (other than those held by the Company and its affiliates) to automatically be purchased from each holder for the Exchangeable Share Purchase Price pursuant to the terms of the Voting and Exchange Trust Agreement
backlog	the value of contracted revenue that has yet to be recognised, as at the relevant date
Beneficiaries	the benefit of holders (other than the Company and its affiliates) of Exchangeable Shares from time to time
Board Observer	a person entitled to receive notice of, and attend and speak, but not to vote at, meetings of the Board
Board or Directors	the board of directors of the Company
bookings	the total value of projected licence fee, NRE, support and maintenance and royalties arising from customer contracts entered into in the period then ended
CallCo	Alphawave Call Inc., a company incorporated under the laws of the Province of Ontario, Canada
Call Rights Agreement	the call rights agreement to be entered into on the Effective Date by the Company, ExchangeCo and CallCo
Canadian Dollar Equivalent	in respect of a Foreign Currency Amount at any date, the amount obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian Dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed

	in Canadian Dollars as may be deemed by the ExchangeCo Board to be appropriate for such purpose
capex or capital expenditure	comprises “Purchase of property and equipment and purchase of intangible assets” as presented in the Group’s consolidated statement of cash flows
CEO	the chief executive officer of the Company
Code	the US Internal Revenue Code of 1986, as amended
Companies Act	the Companies Act 2006, as such act may be amended, modified or re-enacted from time to time
Company	Alphawave IP Group plc
Company Control Transaction	any proposed tender offer, scheme of arrangement, merger, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Ordinary Shares which is recommended by the Board
Consolidated Historical Financial Information	the Group’s consolidated financial information as at and for the year ended 31 December 2020, as at and for the seven months ended 31 December 2019, as at and for the year ended 31 May 2019 and as at and for the year ended 31 May 2018
Cornerstone Investment Agreements	the cornerstone investment agreements each dated 21 April 2021 and entered into between the Company and each of the Cornerstone Investors
Cornerstone Investors	certain funds and accounts under the management of BlackRock and Henderson Global Investors Limited
CREST	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK & Ireland is the operator
CREST Regulations	the Uncertified Securities Regulations 2001 (512001/3755)
Current Market Price	in respect of an Ordinary Share on any date, the Canadian Dollar Equivalent of the average of the closing prices (if available) of Ordinary Shares on the London Stock Exchange during a period of 20 consecutive trading days ending on the third trading day before such date, or, if the Ordinary Shares are not then listed on the London Stock Exchange, the Canadian Dollar Equivalent of the average of the closing prices (if available) of Ordinary Shares on the principal exchange on which the Ordinary Shares are then listed, provided, however, that, if, in the opinion of the Current Market Price Determination Board, the public distribution or trading activity of Ordinary Shares during such period does not create a market which reflects the fair market value of an Ordinary Share, the Current Market Price of an Ordinary Share shall be determined by the Current Market Price Determination Board, in good faith and in its sole discretion, and provided, further, that any such selection, opinion or determination by the Current Market Price Determination Board shall be conclusive and binding
Current Market Price Determination Board	in respect of the determination of the Current Market Price: (a) under the Share Exchange Agreement, CallCo; (b) under the Voting and Exchange Trust Agreement, the Company; and (c) under the Exchangeable Shares provisions, ExchangeCo
Deeds of Election	the share sale election deeds entered into by the Minority Shareholders pursuant to which, amongst other things, the Minority Shareholders may have irrevocably instructed the SSE Agent to agree the sale of existing Ordinary Shares for and on their behalf
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules produced by the FCA and forming part of the handbook of the FCA as, from time to time, amended
Distribution	a dividend or other distribution (including a return of capital) on a share

Distribution Amount	an amount equal to all declared and unpaid Distributions (if any) on an Exchangeable Share held by a holder on any dividend record date which occurred prior to the date of purchase of such share by CallCo from such holder
Distribution Payment Date	the date on which a particular Distribution is paid on the Ordinary Shares
EBITDA	reported profit before tax, less interest income, plus interest expense and depreciation
EBITDA Margin	EBITDA, divided by revenue, expressed as a percentage
Economic Equivalence Payment	the payment in connection with the retraction, redemption or purchase of Exchangeable Shares pursuant to the Exchangeable Share Provisions and the Voting and Exchange Trust Agreement, as the case may be, as described in paragraph 4.19 of Part XIX: “ <i>Additional Information — Economic Equivalence Payment</i> ”
Effective Date	the date determined by Alphawave IP Inc. for completion of the transactions contemplated by the Share Exchange Agreement, which shall in any event be prior to Admission
Equity Incentive Plan	the Alphawave IP Equity Incentive Plan which is described in paragraph 11.2 of Part XIX: “ <i>Additional Information — Equity Incentive Plan</i> ”
EU	the European Union
EU Prospectus Regulation	the Prospectus Regulation (EU) 2017/1129, as amended
EU-UK TCA	the EU-UK Trade and Cooperation Agreement
Exchangeable Shareholders	the holders of Exchangeable Shares
Exchangeable Share Provisions	the Exchangeable Share provisions set out in the ExchangeCo Articles
Exchangeable Share Purchase Price	(a) the Share Consideration; (b) a cash amount equal to the Economic Equivalence Payment; and (c) on the designated payment date therefor, an amount in cash equal to the Distribution Amount (if any), in each case, less any amounts withheld on account of tax
Exchangeable Share Redemption/Liquidation Price	(a) the Share Consideration; (b) a cash amount equal to the Economic Equivalence Payment; and (c) an amount in cash equal to the unpaid Distributions (if any), in each case, less any amounts withheld on account of tax
Exchangeable Share Retraction Price	(a) the Share Consideration; (b) a cash amount equal to the Economic Equivalence Payment; and (c) on the designated payment date therefor, an amount in cash equal to the unpaid Distributions (if any), in each case, less any amounts withheld on account of tax
Exchangeable Shares	the non-voting exchangeable shares in the capital of ExchangeCo having substantially the rights, privileges, restrictions and conditions set out in the ExchangeCo Articles
Exchangeable Share Structure	the Exchangeable Share structure implemented by the Company through a chain of subsidiaries, as further described in paragraph 4 of Part XIX: “ <i>Additional Information — Pre-IPO Reorganisation</i> ”
Exchangeable Share Support Agreement	the exchangeable share support agreement to be entered into on the Effective Date by the Company, ExchangeCo and CallCo

Exchangeable Share Transfer Price	as applicable, the Exchangeable Share Purchase Price, the Exchangeable Share Redemption/Liquidation Price or the Exchangeable Share Retraction Price
ExchangeCo	Alphawave Exchange Inc., a company incorporated under the laws of the Province of Ontario, Canada
ExchangeCo Articles	the articles of incorporation of ExchangeCo, as the same may be amended from time to time
ExchangeCo Board	the directors of ExchangeCo from time to time
Executive Directors	the executive Directors of the Company
FCA	the UK Financial Conduct Authority
Foreign CurrencyAmount	in respect of an amount expressed in a currency other than Canadian Dollars
Framework Agreement or FA	agreement between Alphawave IP Inc. and Wise Road Capital dated 16 April 2021 setting out a collaboration framework on the design and sale of semiconductor products through formation of the Product Partnership Company
FRC	the Financial Reporting Council
FSMA	the Financial Services and Markets Act 2000, as amended
GDPR	the General Data Protection Regulation (Regulation (EU) 2016/679) (as it forms part of retained EU law and implemented through the Data Protection Act 2018)
GTA	Greater Toronto Area
IASB	the International Accounting Standards Board
IFRS	UK-adopted international accounting standards
IP Cores	pre-defined set of the Group's IP cores under the SLA as described in paragraph 13.5.2 of Part XIX: <i>"Additional Information — The Subscription License Agreement"</i>
IRS	the US Internal Revenue Service
ISIN	International Security Identification Number
IT	information technology
JerseyCo	Project AuroraIP Limited, a company incorporated under the laws of Jersey with registered number 135286
Joint Bookrunners	Barclays Bank PLC BMO Capital Markets Limited J.P. Morgan Securities plc
KPMG	KPMG LLP
Liquidation Call Right	CallCo's right, pursuant to the ExchangeCo Articles, to purchase all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by the Company and its affiliates) from the holders thereof on the liquidation date for the Exchangeable Share Purchase Price, except where the Exchangeable Shares have been acquired by the Company or CallCo under the Automatic Exchange Right provided for in the Voting and Exchange Trust Agreement
Listing Rules	the rules relating to admission to the Official List made under section 73A(2) of FSMA
London Stock Exchange	London Stock Exchange plc
Long Term IncentivePlan	the Alphawave long term incentive plan which is described in paragraph 11.4 of Part XIX: <i>"Additional Information — Principal features of the Long Term Incentive Plan"</i>
LTIP Awards	awards granted under the Long Term Incentive Plan

Majority Shareholders	Pitech Investments Inc., Jeevan Capital Inc., 2641239 Ontario Inc., Sutardja Family LLC, July Twelve Capital Limited, Wise Road Alpha Investment Fund I, L.P., and Wise Road Industry Investment Fund I, L.P.
Market Abuse Regulation	Market Abuse Regulation (EU) 596/2014 as it forms part of retained EU law
Master IP Reseller Agreement or MIPRA	contemplated agreement to permit re-sale activities of the Group's IP by the Product Partnership Company
Member States	member states of the EU
Minority Shareholders	individual and corporate Shareholders other than the Majority Shareholders and their associates
New Shares	the new Ordinary Shares to be allotted and issued by the Company as part of the Global Offer
Nomination Committee	the nomination committee of the Board
Non-Executive Directors	the non-executive Directors of the Company
OBCA	the Business Corporations Act (Ontario)
Offer Price	the price at which each Ordinary Share is to be issued or sold under the Global Offer, being 410 pence
Offer Shares	the New Shares and the Sale Shares together
Official List	the Official List of the Financial Conduct Authority
Ordinary Shares	the ordinary shares in the capital of the Company, having the rights set out in the Articles
Over-allotment Option	the option granted to the Stabilising Manager by the Over-allotment Shareholders to purchase, or procure purchasers for, additional Shares as more particularly described in Part XVIII: <i>"The Global Offer"</i>
Over-allotment Shareholders	each of July Twelve Capital Limited, Pitech Investments Inc., Jeevan Capital Inc. and 2641239 Ontario, Inc.
Over-allotment Shares	the Ordinary Shares to be offered pursuant to the Over-allotment Option
PLC/Inc Loan Agreement	the loan agreement entered into between the Company and Alphawave IP Inc., pursuant to which Alphawave IP Inc. advanced the Company a non-interest bearing loan of \$500,000 with a repayment date of 1 September 2021 (or such later date as may be agreed in writing) for funding expenses in connection with operational set up of the Company and the Global Offer
Pre-IPO Reorganisation	the corporate reorganisation to be undertaken by the Company and the Group in connection with, and prior to, Admission, as described in paragraph 4 of Part XIX: <i>"Additional Information — Pre-IPO Reorganisation"</i>
Principal Shareholders	The Tony Pialis (2017) Family Trust, The Rajeevan Mahadevan (2017) Family Trust, 2641239 Ontario Inc. and July Twelve Capital Limited
Product Partnership	relationship with Wise Road Capital in relation to IP sales and development activities in China and other Asia-Pacific region countries
Product Partnership Company	a fabless integrated design and intellectual property licensing company to be established in the People's Republic of China to permit the Product Partnership collaboration activities
Prospectus Regulation Rules	the prospectus rules published by the FCA under section 73 A of FSMA
PR Regulation	Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation, as it forms part of retained EU law
Qualified Institutional Buyers or QIBs	has the meaning given by Rule 144A under the US Securities Act

Qualified Investors	persons who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation, as it forms part of retained EU law
R&D	research and development
Redemption Call Right	the overriding right of CallCo to purchase all, but not less than all, of the outstanding Exchangeable Shares (other than those held by the Company and its affiliates) on the Redemption Date for a price per Exchangeable Share equal to the Exchangeable Share Purchase Price
Redemption Date	the date established by the ExchangeCo Board for the redemption by ExchangeCo of all, but not less than all, of the outstanding Exchangeable Shares
Regulation S	Regulation S under the US Securities Act
Remuneration Committee	the remuneration committee of the Board
retained EU law	has the meaning given to it in the Withdrawal Act
Retraction Call Right	CallCo’s overriding right pursuant to the Exchangeable Share Provisions to purchase all but not less than all of those Exchangeable Shares for a price per Exchangeable Share equal to the Exchangeable Share Purchase Price
Sale Shares	the existing Ordinary Shares to be sold by the Selling Shareholders as part of the Global Offer (excluding Over-allotment Shares)
Samsung	Samsung Electronics Co., Ltd
Security Agreement	the agreement to be entered into by the Company and JerseyCo on or prior to the Effective Date that will provide for, among other things, the Security Power of Attorney, and certain consequences of an event of default (as such term is defined in the Security Agreement) in respect of JerseyCo, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof
Security Power of Attorney	a power of attorney to be granted by JerseyCo to the Company under the Security Agreement, which power of attorney shall become effective without notice upon the occurrence of an event of default (as such term is defined in the Security Agreement)
SEDOL	Stock Exchange Daily Official List
Selling Shareholders	the Selling Shareholders as named in paragraph 14 of Part XIX: “ <i>Additional Information — Selling Shareholders</i> ”
Senior Management or Senior Manager	members of the Group’s senior management team, details of whom are set out in Part XI: “ <i>Directors, Senior Management and Corporate Governance</i> ”
Share Cash Equivalent	an amount equal to the net cash proceeds derived from the sale of the relevant Ordinary Share outside of the United States or, if ExchangeCo, CallCo or the Company (as applicable) determines not to sell such Share, an amount equal to the applicable Current Market Price of an Ordinary Share
Share Consideration	in respect of a particular date, the Current Market Price of an Ordinary Share on the last business day prior to such date, which shall be satisfied in full: (a) in the case of a holder of Exchangeable Shares other than a US Holder, the Company or an affiliate of the Company, at the election of the Company, ExchangeCo or CallCo, as the case may be, in its sole discretion, by: (i) causing to be delivered to such holder one Ordinary Share; or (ii) by a payment of the Share Cash Equivalent (provided, for the avoidance of doubt, that there is no current intention for the cash option to be exercised on any retraction, redemption, purchase or liquidation of Exchangeable Shares); or

	(b) in any other case, by the Company, ExchangeCo or CallCo, as the case may be, by a payment in cash in an amount equal to the Share Cash Equivalent
Share Exchange Agreement	the share exchange agreement to be entered into prior to the completion of the Global Offer by the Company, ExchangeCo, CallCo, Alphawave IP Inc., JerseyCo and the Alphawave IP Inc. shareholders
Share Incentive Plan	the Alphawave IP share incentive plan which is described in paragraph 11.7 of Part XIX: “ <i>Additional Information — Principle features of the Share Incentive Plan</i> ”
Shareholders	the holders of Ordinary Shares
Sharesave Plan	the Alphawave IP sharesave plan which is described in paragraph 11.6 of Part XIX: “ <i>Additional Information — Principle features of the Share Save Plan</i> ”
SOW	statements of work, under which the customer may place purchase orders, over a specified time period
SSE Agent	the Company
Stabilising Manager	Barclays Capital Securities Limited
Subscription License Agreement or SLA	agreement between Alphawave IP Inc. and Wise Road Capital dated 16 April 2021 under which Alphawave IP will provide a subscription license of certain semiconductor IP technology for incorporation into Product Partnership Company products
Takeover Code	the UK City Code on Takeovers and Mergers
Takeover Panel	the Panel on Takeovers and Mergers
Transfer Agent	Computershare Investor Services Inc.
Trust	the Alphawave IP employee benefit trust
TSMC	Taiwan Semiconductor Manufacturing Company
UK	the United Kingdom of Great Britain and Northern Ireland
UK Corporate Governance Code	the UK Corporate Governance Code published by the Financial Reporting Council and dated July 2018, as amended from time to time
UK Prospectus Regulation	the Prospectus Regulation (EU) 2017/1129, as it forms part of retained EU law
Underlying Shares	that number of Ordinary Shares which will be issued to JerseyCo on the Effective Date and will be equal to the number of Exchangeable Shares issued pursuant to the Share Exchange Agreement
Underwriters	Barclays Bank PLC, J.P. Morgan Securities plc and BMO Capital Markets Limited
Underwriting Agreement	the underwriting agreement entered into between the Company, the Directors, the Majority Shareholders, the SSE Agent (acting as agent for and on behalf of the Minority Shareholders pursuant to the Deeds of Election), the Stabilising Manager and the Underwriters described in paragraph 13.1 of Part XIX: “ <i>Additional Information — Material Contracts — Underwriting Agreement</i> ”
United States or US	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
US GAAP	generally accepted accounting principles in the United States
US Holder	a beneficial owner of Ordinary Shares that is for US federal income tax purposes: (i) an individual who is a citizen or resident alien of the United States; (ii) a corporation or other entity treated as a corporation for US federal income tax purposes created or organised in or under the laws of the United

	States or any state thereof (including the District of Columbia); (iii) an estate, the income of which is subject to US federal income taxation regardless of its source; or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more United States persons (as defined in the Code) have the authority to control all of the substantial decisions of such trust
US Securities Act	the United States Securities Act of 1933
VAR Variation Agreement or VARVA	contemplated variation agreement to the Group's re-seller agreement with VeriSilicon permitting co-ordination of customer IP licensing activities with the Product Partnership Company
VeriSilicon	VeriSilicon Microelectronics (Shanghai) Co., Ltd
Voting and Exchange Trust Agreement	the voting and exchange trust agreement to be entered into on the Effective Date by the Company, ExchangeCo and JerseyCo and the Voting Trustee
Voting Trustee	Computershare Trust Company of Canada
Wise Road Capital	Beijing Wise Road Asset Management Co., Ltd, a Beijing-headquartered global private equity firm
Withdrawal Act	the European Union (Withdrawal) Act 2018 (as amended)

PART XXI

GLOSSARY

112G	112 gigabit per second connectivity transmission speed for transmission of data
224G	224 gigabit per second connectivity transmission speed for transmission of data
ASIC	application-specific integrated circuit (or system on chip (“SOC”)) that integrates all or most components of a computer or other electronic system
CDR	clock-data recovery, component of a connectivity process, which extracts timing information from a serial data stream to allow the receiving circuit to decode the transmitted symbols
chiplet	smaller modular pieces of silicon, or chiplets, utilised in a design technique to break integrated circuits into smaller pieces that can be individually designed and integrated together using die-to-die interfaces
CPU	central processing unit, or microprocessor, of electronic circuitry that executes instructions comprising a programme
CXL	compute express link, open standard interconnection for high-speed central processing unit-to-device and CPU-to-memory, for data centres
DSP	digital signal processing capabilities, enabled to perform a wide variety of signal processing operations
DRAM	dynamic random-access memory, semiconductor memory that stores each bit of data in a memory cell consisting of a capacitor and a transistor
FinFET	fin field-effect transistor, semiconductor gate design for transmission of information
Form factor	design aspect that defines and prescribes the size, shape, and other physical specifications of hardware components
FPGA	field programmable gate arrays, an integrated circuit designed to be configured by a customer or a designer after manufacturing
GPU	graphics processing unit, the specialised electronic circuit utilised in the creation of images for output to a display device
IAAS	infrastructure-as-a-service, comprising the provision of virtualised computing resources via cloud computing
IDM	integrated device manufacturer, a semiconductor company which designs, manufactures and sells integrated circuit product
IEEE	Institute of Electrical and Electronics Engineers, an electronics industry body, including educational and technical advancement of electrical and electronic engineering, telecommunications, computer engineering and allied disciplines, including standardisation
IoT	internet of things, network of physical objects that are embedded with sensors, software and other technologies for the purpose of connecting and exchanging data with other devices and systems over the internet
IP/silicon IP	intellectual property core, IP core, or IP block is a reusable unit of logic, cell, or integrated circuit layout design
M2M	machine-to-machine connectivity, permitting IoT data exchange without human interface or interaction
modulation schemes	specific technique of signal modulation when converting data into electrical signals for transmission
node	technology nodes, or process technologies, referring to the specific semiconductor manufacturing process and its design rules, generally designated by the process’ minimum feature size (in nanometres)

NRE	non-recurring engineering, in reference to revenue earned in respect of one-time early-stage customer services including for research, design, development and testing
NVMe	non-volatile memory interface for accessing external non-volatile storage media utilising PCIe connectivity standard
OEM	original equipment manufacturer that produces systems, parts or equipment utilised in the production of another device or product
OIF	Optical Internetworking Forum, an electronics industry body promoting standardisation, including for optical networking products, network processing elements, and component technologies
PAM	pulse amplitude modulations, form of signal modulation where the message information is encoded in the amplitude of a series of signal pulses, such as PAM2 (aka NRZ), PAM4, PAM6 and PAM8
PCIe	PCI-Express, a high-speed serial computer expansion bus standard
PHY	physical interface or “physical layer” processor interface in an integrated circuit
PLL	phase-locked loop, component of a connectivity block providing a control system that generates an output signal whose phase is related to the phase of an input signal
SerDes	wired connectivity component to interface between integrated circuits, which converts parallel streams of data (used as connectivity within integrated circuits) to serial streams (used in longer-distance transmission outside chips) and vice versa
SIG	Special Interest Group, an electronics industry consortium responsible for specifying the Peripheral Component Interconnect, PCI-X, and PCI Express computer buses
SIP	silicon in package, format for packaging multiple smaller dies in a SOCs
SOC	system on chip (or ASIC) that integrates all or most components of a computer or other electronic system
Tier-1	semiconductor and component manufacturers that supply parts or systems directly to OEMs
Wafer	in the fabrication of integrated circuits, the thin slice of semiconductor (such as a crystalline silicon) in and upon which microelectronic devices are built

PART XXII

SCHEDULE OF CHANGES

The registration document published by the Company on 22 April 2021 (the “**Registration Document**”) contained the information required to be included in a registration document for equity securities by Annex 1 of the UK Prospectus Regulation. This Prospectus, which otherwise contains information extracted without material amendment from the Registration Document (except as set out below), also includes information required to be included in a securities note for equity securities, summary and prospectus relating to an offer to the public as prescribed by Annex 11 of the UK Prospectus Regulation and Article 7 of the UK Prospectus Regulation. This Prospectus updates and replaces in whole the Registration Document. Any equity investor participating in the Global Offer should invest solely on the basis of this Prospectus, together with any supplement thereto and Pricing Statement.

This schedule of changes to the Registration Document (the “**Schedule of Changes**”) sets out, refers to or highlights material changes to the Registration Document.

Capitalised terms contained in this Schedule of Changes shall have the meanings given to such terms in this Prospectus unless otherwise defined herein.

Purpose

The purpose of this Schedule of Changes is to:

- highlight material changes made in this Prospectus, as compared to the Registration Document;
- highlight the new disclosure made in this Prospectus to reflect information required to be included in a Securities Note; and
- highlight the new disclosure made in this Prospectus to reflect information required to be included in a Summary.

Principal Registration Document Changes

The following principal changes have been made to the contents of the Registration Document. This Prospectus otherwise contains information extracted without material amendment from the Registration Document.

- The Risk Factor entitled “*The Group is subject to risks associated with the Product Partnership*” on page 15 of the Registration Document has been updated in this Prospectus to reflect the Group’s entry into the Framework Agreement and the Subscription License Agreement and corresponding changes to risks faced by the Group in relation to the Product Partnership as a result thereof. Please see page 24 of this Prospectus.
- The paragraph entitled “*Product Partnership*” on page 52 of the Registration Document has been updated in this Prospectus to reflect the Group’s entry into the Framework Agreement and the Subscription License Agreement and corresponding changes to the development status of the Product Partnership as a result thereof. Please see page 71 of this Prospectus.
- The section entitled “Corporate Governance” starting on page 60 of the Registration Document has been amended to reflect the fact that the Company has also established a separate market disclosure committee. Please see page 79 of this Prospectus.
- The paragraph entitled “Recent Developments and Guidance” on page 72 of the Registration Document has been amended in this Prospectus, including to reflect planned investment in the Product Partnership. Please see page 92 of this Prospectus.
- The paragraph entitled “Share Capital” on page 115 of the Registration Document has been amended in this Prospectus to reflect the share capital history and structure of the Company immediately prior to and immediately following Admission. Please see pages 155 to 157 of this Prospectus.
- The paragraph entitled “Corporate Structure” on page 115 of the Registration Document has been amended and replaced in its entirety in this Prospectus by the section entitled “Pre-IPO Reorganisation” to set out the details of the corporate structure, the Pre-IPO Reorganisation and the Exchangeable Share structure (including relevant agreements and documentation, entities involved, redemption mechanism, rights and redemption, among other matters). Please see pages 157 to 173 of this Prospectus.

- The paragraph entitled “Interests of the Directors and Senior Management” on pages 128 to 129 of the Registration Document has been updated in this Prospectus to reflect the expected interests in the share capital of the Company of all the Directors and Senior Managers immediately prior to and immediately following Admission, including an update to the aggregate percentage of shares to be held by the Directors and Senior Management. Please see pages 186 to 188 of this Prospectus.
- The paragraph entitled “Interests of Significant Shareholders” on page 129 of the Registration Document has been updated in this Prospectus to reflect the expected interests in the share capital of the Company of the Principal Shareholders immediately prior to and immediately following Admission. Please see pages 188 to 189 of this Prospectus.
- Changes have been made to the paragraph entitled “Material Contracts” on page 136 of the Registration Document, including the addition of the summary of the following new material contracts: (i) the Underwriting Agreement, (ii) the Stock Lending Agreement, (iii) the Cornerstone Investment Agreements (iv) the Framework Agreement and (v) the Subscription License Agreement. Please see pages 196 to 200 of this Prospectus.
- A new paragraph entitled “Takeover Regulation” has been added to this Prospectus, to describe the relevant provisions of the City Code applicable to the Company. Please see pages 202 to 205 of this Prospectus.

Securities Note Information

- A new section entitled “Risks Related to the Global Offer and the Offer Shares” has been added into this Prospectus to describe the risks relating to the Global Offer and the Offer Shares, including risks relating the liquidity or trading price of the Ordinary Shares, dilution risks, and risks relating to Shareholders in the United States. Please see pages 36 to 38 of this Prospectus.
- New sections entitled “Expected Timetable of Principal Events” and “Global Offer Statistics” have been added into this Prospectus, describing the means through which the Ordinary Shares will be offered to the public pursuant to the Global Offer. Please see pages 48 to 49 of this Prospectus.
- A new section entitled “Use of Proceeds and Dividend Policy” has been added into this Prospectus describing the Company’s intentions for use of the proceeds from the Global Offer. Please see page 50 of this Prospectus.
- A new section entitled “Capitalisation and Indebtedness Statement” has been added into this Prospectus, describing the capitalisation and indebtedness of the Company as at 31 March 2021. Please see page 102 of this Prospectus.
- A new section entitled “Unaudited Pro Forma Financial Information” has been added into this Prospectus to illustrate the impact of the Global Offer on the net assets of the Group at 31 December 2020. Please see pages 136 to 139 of this Prospectus.
- A new section entitled “Taxation” has been added into this Prospectus to provide a general guide to certain UK and US federal tax considerations relevant to the acquisition, ownership and disposition of Ordinary Shares. Please see pages 140 to 144 of this Prospectus.
- A new section entitled “The Global Offer” has been added into this Prospectus, describing the mechanism and terms of the Global Offer. Please see pages 145 to 154 of this Prospectus.
- New paragraphs entitled “Underwriting Arrangements”, “Lock-Up Arrangements” and “Orderly Marketing Agreement” have been added into this Prospectus, describing the arrangements entered into between the Company and the Underwriters, among other parties, pursuant to which the Underwriters agreed to underwrite the Offer and the terms of the lock-up arrangements that have been entered into or will be entered into ahead of Admission. Please see pages 149 to 150 of this Prospectus.
- A new paragraph entitled “Working Capital” has been added into this Prospectus, confirming the adequacy of the Group’s working capital. Please see page 201 of this Prospectus.

Summary Information

- A new section entitled “Summary Information” has been added into this Prospectus, to reflect the addition of a Summary as required by Article 7 of the UK Prospectus Regulation. Please see pages 4 to 10 of this Prospectus.

