

COMPANY DESCRIPTION



Smart Wires Technology Ltd

Company number: 2055269

(Incorporated under the BVI Business Companies Act, 2004)

**Admission to trading of Swedish Depositary Receipts
on Nasdaq First North Growth Market**



IMPORTANT INFORMATION ABOUT NASDAQ FIRST NORTH GROWTH MARKET

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

IMPORTANT INFORMATION

This company description (the "**Company Description**") has been prepared by Smart Wires Technology Ltd (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**" or "**Smart Wires**"), a company incorporated under the laws of the British Virgin Islands ("**BVI**") and the British Virgin Islands Business Companies Act, 2004, as amended (the "**BC Act**"), in connection with the admission to trading (the "**Admission to Trading**") of Swedish Depository Receipts (the "**SDRs**") representing ordinary shares in the Company (all ordinary shares in the Company hereinafter being referred to as the "**Shares**"), with par value of USD 0.01, on Nasdaq First North Growth Market Sweden ("**First North**"). The purpose of the Company Description is to provide information about the Company and its underlying business in relation to the Admission to Trading on First North. This Company Description has been prepared solely in the English language.

The Company Description serves as a company description only, as required by the Nasdaq First North Growth Market admission rules. The Company Description does not constitute an offer to buy, subscribe or sell any of the securities described herein, and no securities are being offered or sold pursuant hereto. The Company Description does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71. The Company Description has not been reviewed, registered or approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) or any other governmental authority in Sweden or elsewhere.

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") or with any securities regulatory authority of any state or other jurisdiction in the United States of America (the "**U.S.**" or the "**United States**"). The distribution of this Company Description may be restricted by law in certain jurisdictions. Accordingly, neither this Company Description nor any advertisement may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Company Description are required to inform themselves about and to observe any such restrictions. Failure to comply with these regulations may constitute a violation of the securities laws of any such jurisdictions.

The Company has engaged Erik Penser Bank AB as Certified Advisor (the "**Certified Advisor**").

The Company Description has been drawn up under the responsibility of the Company. It has been reviewed by the Certified Advisor and has been subject to an appropriate review of its completeness, consistency and comprehensibility.

All inquiries relating to this Company Description should be directed to the Company or the Certified Advisor. No other person has been authorised to give any information, or make any representation, on behalf of the Company and/or the Certified Advisor in connection with the Admission to Trading. If given or made, such other information or representation must not be relied upon as having been authorised by the Company or the Certified Advisor.

Pareto Securities AS (the "**Manager**") is engaged by the Company as Sole Global Coordinator and Bookrunner in the private placement of Shares described herein (the "**Private Placement**"). Lazard & Co., Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is engaged as financial adviser to Smart Wires. The Manager and Lazard & Co., Limited are acting exclusively as financial advisers to the Company and no one else in connection with the Admission to Trading and Private Placement and will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Manager or Lazard & Co., Limited, respectively, nor for providing advice in relation to the Admission to Trading and the Private Placement or any other matters referred to in this Company Description. Neither Lazard & Co., Limited nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of the Manager or Lazard & Co., Limited, respectively, in connection with this Company Description, any statement contained herein or otherwise.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting Smart Wires subsequent to the date of this Company Description. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Company Description and before the Admission to Trading will be published and announced promptly in accordance with the First North regulations. Neither the delivery of this Company Description nor the completion of the Admission to Trading at any time after the date hereof will, under any circumstances, create any implication that there has been no change in Smart Wires' affairs since the date hereof or that the information set forth in this Company Description is correct as of any time since its date.

The contents of this Company Description shall not be construed as legal, business or tax advice. Each reader of this Company Description should consult its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Company Description, you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The distribution of this Company Description in certain jurisdictions may be restricted by law. Persons in possession of this Company Description are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Company Description in any country or jurisdiction where specific action for that purpose is required.

The SDRs may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Company Description shall be governed by and construed in accordance with Swedish law. The courts of Sweden, with Stockholm District Court (Swedish: "*Stockholms tingsrätt*") as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Company Description.

Investing in the Company involves risks. All Sections of the Company Description should be read in context with the information included in Section 2 "*Risk factors*" and Section 4 "*Presentation of Financial and Other Information*".

STABILISATION

In connection with the Private Placement, and in accordance with all applicable laws and rules, Pareto Securities AS, in its capacity as stabilisation manager (the "**Stabilisation Manager**") for the Private Placement on behalf of the Manager, may (but will be under no obligation to) effect stabilisation transactions with a view to supporting the market price of the SDRs during the stabilisation period at a level higher than that which might otherwise prevail. However, stabilisation action may not necessarily occur and may cease at any time. Any stabilisation action may begin on or after the date of commencement of trading of the SDRs on First North and, if begun, may be ended at any time, but it must end no later than 30 days after that date. Any stabilisation action must be conducted by the Stabilisation Manager in accordance with all applicable laws and rules and can be undertaken at the offices of the Stabilisation Manager and on First North. Stabilisation may result in an exchange or market price of the SDRs that is higher than might otherwise prevail, and the exchange or market price may reach a level that cannot be maintained on a permanent basis. Any stabilisation activities will be conducted based on the same principles as set out in the EC Commission Regulation 2273/2003 regarding buy-back programmes and stabilisation of financial instruments, as well as article 5(4) of the EU Market Abuse Regulation and chapter III of the supplemental rules set out in the Commission

Delegated (EU) 2016/1052 of 8 March 2016 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a private company limited by shares incorporated under the laws of the British Virgin Islands. As a result, the rights of holders of the Shares will be governed by the laws of the BVI and the Company's memorandum of association (the "**Memorandum of Association**") and articles of association (the "**Articles of Association**"). The rights of shareholders under the laws of the BVI may differ from the rights of shareholders of companies incorporated in other jurisdictions.

Certain of the members of the Company's board of directors (the "**Board of Directors**" or "**Board**") and members of Smart Wires' executive senior management (the "**Management**") are not residents of the United States of America (the "**United States**"), and not all of the Company's assets are located within the United States. As a result, it may be difficult for investors in the United States to effect service of process on the Company, the Board members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

The United States, the BVI and Sweden do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Sweden will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board members or members of Management under the securities laws of those jurisdictions or entertain actions in Sweden against the Company or its Board members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Sweden or the BVI. Similar restrictions may apply in other jurisdictions.

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Estimated first day of trading on Nasdaq First North Growth Market	18 May 2021
Q2 report 2021	19 August 2021
Q3 report 2021	18 November 2021
Q4 report 2021	24 March 2022
Annual report 2021	28 April 2022
Q1 report 2022	19 May 2022
Annual General Meeting	19 May 2022
ISIN code	SE0015962345
Ticker symbol	GOGRID

1 STATEMENT OF RESPONSIBILITY

This Company Description has been prepared by the Company, with corporate Group headquarters at 3292 Whipple Road, Union City, CA 94587, USA, solely in connection with the Admission to Trading of the Company on First North.

The Board of Directors accepts responsibility for the information contained in this Company Description. The members of the Board of Directors confirm that, after having taken all responsible care to ensure that such is the case, the information contained in this Company Description is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

We, the Board of Directors of the Company, declare that, to the best of our knowledge, the information provided in the Company Description is fair and accurate and that, to the best of our knowledge, the Company Description is not subject to any material omissions, and that all relevant information is included in the Company Description.

14 May 2021

The Board of Directors of the Company

Thomas R. Voss

Chairman of the Board

Anthony Arnerich

Board member

Christopher Bass

Board member

Jay Schmelter

Board member

Mark Lewis

Board member

Nicholas Walrod

Board member

Steven Specker

Board member

2 RISK FACTORS

Investing in the Company involves inherent risks. Prospective investors should carefully consider, among other things, the risk factors set out in this section before making an investment decision in respect of the SDRs. The risks and uncertainties described below are not the only ones facing Smart Wires. Additional risks not presently known to the Company or that the Company currently deems immaterial, may also impair Smart Wires' business and adversely affect the price of the SDRs. If any of the following risks materialise, individually or together with other circumstances, Smart Wires' business, prospects, financial position, cash flows and/or operating results could be materially and adversely affected, which in turn could lead to a decline in the value of the SDRs and the loss of all or part of an investment in the SDRs.

A prospective investor should consider carefully the factors set forth below, and elsewhere in the Company Description, and should consult his or her own expert advisors as to the suitability of an investment in the SDRs. An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of an investment in the SDRs.

The information herein is presented as of the date hereof and is subject to change, completion or amendment without notice.

All forward-looking statements included in this document are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward-looking statements except as required by applicable law or regulation. Investors are cautioned that any forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties and that actual results may differ materially from those included within the forward-looking statements as a result of various factors. Factors that could cause or contribute to such differences include, but are not limited to, those described in this Company Description.

The risk factors are categorised in a limited number of categories. In each category, the most material risks, as assessed by Smart Wires, taking into account the potential negative impact on the Company and the probability of their occurrence, are set out first.

2.1 Risks related to the business of Smart Wires

2.1.1 The Group may be unable to successfully develop and launch a portfolio of competitive and technologically advanced products, services and solutions, and Smart Wires' research and development ("R&D") efforts may be unsuccessful. Furthermore, the pace of technological change may result in the economic life cycle of certain of Smart Wires products being shorter than anticipated

The Group may not be successful in developing a portfolio of technologically-advanced products, services and solutions within the expected timeframe or at all, or at a cost point and/or with functionality and features that will allow such new developments by Smart Wires to be competitive when compared to similar products, services and solutions available in the market.

The Group is constantly investing time and money in its product and service portfolio. However, such investments may not translate into profitable business, or Smart Wires may be too slow or less successful than Smart Wires' industry peers.

The markets in which the Group operates can experience rapid and significant changes due to the introduction of innovative and disruptive technologies. The Group's operating results have in the past depended upon and are expected to continue to depend upon to a significant extent on the ability of Smart Wires to meet the evolving needs of current and prospective customers and to anticipate and adapt to changes in Smart Wires' markets and to optimise its cost base accordingly. Optimising the cost of its products and its cost base is particularly important for the Group as its products are subject to significant price competition. Furthermore, in the area of electric grid solutions, the Group faces the risk that competitors' transmission power flow control solutions are more cost effective than Smart Wires' own. Even if Smart Wires succeeds in developing innovative technologies, its competitors may be able to commercialise similar technologies faster or more successfully than Smart Wires. Introducing new products and technologies requires a significant commitment to R&D, which in return requires expenditure of significant financial resources that may not always lead to successful new developments. Smart Wires' results of operations may suffer if Smart Wires invests in the development of technologies that may not operate or may not be integrated as expected. Technologies may furthermore not be accepted in the marketplace as anticipated. In addition, Smart Wires' products, solutions or systems may fail to be introduced into the market

in a timely manner, particularly when compared to its competitors, or even become obsolete, negatively impacting results of operations.

It remains a risk that these markets do not materialise to a relevant size and Smart Wires may not be able to recoup its investments.

Moreover, the pace of technological change may result in the economic and/or technological life cycle of certain of Smart Wires products being shorter than anticipated.

If the risks materialise, it is assessed that it could have a high impact on Smart Wires. The probability that the risks are realised is low.

2.1.2 The Group is exposed to risks relating to patent applications not being granted or competitors developing similar products

Smart Wires routinely applies for new patents and actively manages its intellectual property ("IP") portfolio in an effort to secure, protect and monetise proprietary technologies and inventions which it develops. Some of the granted patents are only protected in the US and some of the pending patent applications relate to the Group's core IP. As with all applications for registered IP, there is a risk that an application will not be granted. If an application is not granted, Smart Wires will not have protection for the patents applied for. Moreover, Smart Wires may have limited actions available in terms of protecting Smart Wires' inventions, as further described in the below paragraph. In addition, Smart Wires' ability to license, sell or otherwise transfer the technology may be severely hindered.

Furthermore, Smart Wires' patents and other IP may not prevent competitors from independently developing or selling products and services that are similar to, or significantly overlap with that of Smart Wires'. In addition, Smart Wires has pursued a selective strategy in filing for new patents. The approach involves patenting both so-called core IP and barrier IP. This approach may result in an increase in the effort required to defend against third-party IP rights and other measures to mitigate risks relating to IP rights (as described in Section 6.2.4 "*Proprietary technology*"). If Smart Wires fails to strike an adequate balance between tactical IP filing and an adequate level of protection, Smart Wires may fail to secure a portfolio of IP rights required to be competitive.

If the risks materialise, it is assessed that it could have a high impact on Smart Wires. The probability that the risks are realised is low.

2.1.3 Operational failures in Smart Wires' value chain processes and quality issues could negatively affect Smart Wires business and reputation, and result in claims, penalties and additional costs

2.1.3.1 Value chain risks

The value chain for Smart Wires is comprised of a full product life cycle, from R&D, commercialisation, manufacturing, marketing, sales, installation, and services relating to its products. Failures in Smart Wires' value chain processes could, among other things, result in quality, functionality, product performance, product safety, or occupational safety issues. Such risks are particularly present in Smart Wires research and development, engineering, and manufacturing facility, all of which are located globally and require a high degree of organisational, operational, and technological complexity.

It is also possible that, due to technological or quality issues, certain components in the existing fleet may not reach their expected lifetime or the Company will have to replace more than the expected number of units under its warranty, and the profitability in current or future projects may deteriorate. Further, should a 'type fault' emerge, meaning that a set of units will have a common fault issue, the Group may have to carry out a large scale product recall which may have a material adverse effect on the Group's profitability, reputation, business and cash flow.

In addition, if Smart Wires fails to meet agreed customer specifications, technical requirements or performance guarantees for Smart Wires' products, solutions or services, particularly in the context of contract bids or under existing contracts, including contracts with Smart Wires' material customers (as described in Section 13.2.2 "*Customer contracts*") relating to certain technical performance parameters, the Group may incur additional costs (including significant non-conformance costs) and face claims for specific performance and damages. Specifically, and in relation to a notice of concern from one of the Group's key customers (as described in Section 13.2.2 "*Customer contracts*"), the Group may face potential liquidated damages of up to GBP 5.6 million. Nonetheless,

the Group has taken steps to work collaboratively with the customer to adequately resolve the situation. Any such cases could, in addition, have particularly detrimental consequences for Smart Wires' reputation.

There is no guarantee that Smart Wires' quality assurance measures will be effective enough to detect and adequately respond to every quality assurance issue in a timely manner or at all. Even if such measures work as intended, responding to quality issues may result in significant additional costs if quality issues arise that affect new units of a product line.

Depending on Smart Wires manufacturing strategy, Smart Wires may also face quality and other issues due to outsourcing of the production of the Company's products and key sub-components such products to its suppliers. For example, some of Smart Wires' suppliers have experienced difficulties relating to disruptions of their global supply chains, which may impact the Group's ability to deliver products and services to its customers according to the terms and conditions of such contracts. Furthermore, there may be cases in which Smart Wires' suppliers do not comply with the necessary technical specifications or quality management systems, or deliver defective or inadequately tested components to Smart Wires.

If the Group were to be subject to any claims, liabilities, fines or other adverse actions by customers or governments (e.g., claims based on warranty, guarantee or product liability), this could expose it to reputational damage, significant additional costs and negatively affect the ability of the Group to secure new projects and, therefore, have a material adverse effect on Smart Wires' business, financial position and results of operations.

If the risks materialise, it is assessed that it could have a high impact on Smart Wires. The probability that the risks are realised is low.

2.1.3.2 Quality issues of certain products

Certain products that Smart Wires sold in the past had, and may in the future have, quality issues resulting from the design or manufacture of these products or the commissioning of these products or the software integrated into them. In case of software, quality issues may also manifest themselves in terms of vulnerability to cyberattacks or other forms of disruptions. A failure or malfunction of one of Smart Wires' products may extend to other products, or affect whole production facilities or plants, resulting in consequential damages significantly exceeding the value of the failing or malfunctioning product and might cause bodily harm. These risks are particularly relevant in the Group's transmission power flow control product business. This could result in, for example, unplanned shutdowns of power plants, a reduction or complete loss of transmission capacity that could result in the loss of electrical power to end consumers, delays in project commissioning, significant costs for remediation of quality issues including, but not limited to, and replacing and/or repairing defective components or entire units.

If the Group were to be subject to any claims, liabilities, fines or other adverse actions by customers or governments (e.g., claims based on warranty, guarantee or product liability), this could expose it to reputational damage, significant additional costs and negatively affect the ability of the Group to secure new projects and, therefore, have a material adverse effect on Smart Wires' business, financial position and results of operations.

If the risks materialise, it is assessed that it could have a high impact on Smart Wires. The probability that the risks are realised is low.

2.1.4 Smart Wires' business is subject to several risks, including execution risks, cost overruns, quality, and political risks

2.1.4.1 Competitive bidding

The Group regularly engages in large and complex projects with values in excess of USD 5 million. Such projects may be awarded on a competitive bidding basis. Firstly, some of the Group's projects are entered into as framework agreements, meaning that such agreements do not guarantee any minimum revenue and that the Group in some events is dependent on subsequent purchase orders from customers. Some of these contracts are also inherently risky because Smart Wires may assume substantially all risks associated with completing a project and meeting post-completion warranty obligations. Additionally, Smart Wires has to satisfy increasingly complex technical and regulatory requirements and Smart Wires faces the risk that it does not fully consider all such requirements in its offer. This is particularly true in projects with untested or new technology that have never been executed before, or when Smart Wires bids for projects in countries where Smart Wires has no or only limited experience from previous projects. The profit margins realised on fixed-price contracts may vary from original estimates as a result of changes in costs and productivity over the contracts' terms. Furthermore, such

contracts are highly negotiated and in an effort to access new regions/markets the Group may choose to enter into contracts at lower margins that it would normally accept. In the event that any risk relating to competitive bidding materialises, it could have a material adverse effect on Smart Wires' business, financial position and results of operations.

If the risks materialise, it is assessed that it could have a high impact on Smart Wires. The probability that the risks are realised is medium.

2.1.4.2 *Unanticipated project modifications and consortium risks*

In certain cases, Smart Wires bears the risk of unanticipated project modifications, shortage of key personnel, quality issues, financial difficulties of Smart Wires' customers and/or significant partners, delays by or poor performance of subcontractors, cost overruns or contractual penalties caused by unexpected technological or technical problems, unforeseen developments at project sites, unforeseen changes or difficulties in the regulatory or political environment, unexpected changes to project schedule driven by grid and weather conditions, performance issues relating to Smart Wires' suppliers, subcontractors and consortium partners, or logistical difficulties. For example, when executing certain projects, Smart Wires may be required to form a consortium with other parties, and customers may require that Smart Wires accept joint and several liability for Smart Wires consortium partners. Should such partners fail to deliver on their part of the project, Smart Wires could be held liable for expenses or other costs, including damages. Disagreements with Smart Wires' customers or its consortium partners regarding allocation of additional project costs and responsibilities (e.g., for delays and disruptions during a project), can be time-consuming, expensive and may absorb significant management time and effort. Smart Wires' project business may also be negatively affected by various effects of COVID-19 (as described in Section 2.2.2 "*The Group's industries and business operations are subject to various risks relating to global or local outbreaks of infectious diseases and other public health crises. In particular, Smart Wires is affected from the fallout of the outbreak of the recent Coronavirus pandemic*"). In the event that any project-specific risks, planning miscalculations or other unexpected delays or disruptions materialise, it could lead to significant increases in project costs, negatively affect the performance of projects and could have a material adverse effect on Smart Wires' business, financial position and results of operations.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is medium.

2.1.4.3 *Demanding requirements in long-term contracts*

Some of Smart Wires' multi-year contracts contain demanding installation and maintenance requirements in addition to other performance criteria relating to timing, unit cost and compliance with government and other regulations, which, if not satisfied, could subject the Group to substantial contractual penalties, damages, non-payment and contract interruption, suspension or termination. There can be no assurance that contracts and projects, in particular those with long-term duration and a fixed-priced basis, will be completed profitably. Where projects fail or are delayed, Smart Wires may face claims for penalties or damages from Smart Wires' partners or customers. In the case of transmission projects, customers may have to pay penalties or damages to power plant operators for delays or interruptions of grid connections and seek to recoup such damage payment from the Group. In the event that any risk relating to demanding requirements in long-term contracts materialises, it could have a material adverse effect on Smart Wires' business, financial position and results of operations.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.1.4.4 *Project costs*

When developing new projects, Smart Wires regularly incurs capital costs, that may be lost if the project does not materialise as planned or at all. In the event that Smart Wires incurs capital costs for projects that do not materialise as planned or at all, it could have a material adverse effect on Smart Wires' business, financial position as results of operations.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is medium.

2.1.4.5 *Labour shortages*

The Company is dependent on experienced experts for its operations. Such experienced personnel might not always be available on the market and there is therefore a risk that the Company cannot find enough experienced labour on the market. A shortage of experienced experts in the labour market may necessitate time-consuming internal training for project development and technical specialists that are required to successfully develop new projects. In the event that any risk relating to labour shortages materialises, it could have a material adverse effect on Smart Wires' business, financial position and results of operations.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is medium.

2.1.4.6 *Risks relating to environment, health and safety*

As part of its projects, the Group is furthermore exposed to certain risks relating to environment, health and safety ("**EHS**"), such as accidents at customer sites and lab/manufacturing facilities which could give rise to delays, liabilities and/or cancellation of a customer contract. Delays, liabilities and/or cancellation of a customer contract could in turn have a material adverse effect on Smart Wires' business, financial position and results of operations.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is low.

2.1.5 Customers may be successful in negotiating or renegotiating terms and conditions in their contracts that are disadvantageous for Smart Wires, leading to lower revenues and profitability

Many of Smart Wires' customers are large organisations with considerable bargaining power. These, or other customers, may from time to time be able to negotiate terms and conditions in their contracts that are disadvantageous for the Group, which could lead to lower revenues and margins. For existing contracts, such customers may request renegotiations or may terminate their contracts (including termination for convenience). In relation to the notice of concern (as described in Section 2.1.3 "*Operational failures in Smart Wires' value chain processes and quality issues could negatively affect Smart Wires business and reputation, and result in claims, penalties and additional costs*"), there is also a risk that a key customer of the Group put further orders on hold until the situation has been resolved or, in a worst-case scenario, terminates the contract. Wherever the customers' ability to generate profits with the products and services Smart Wires provides is negatively affected, Smart Wires has in the past encountered, and may in the future encounter, pressure to renegotiate existing or future contracts. This is particularly relevant for long-term service programs where Smart Wires' customers may consider enforcing contractual scope reductions and/or changes in the operating profiles and commercial terms. Customers may also choose not to renew long-term programs (e.g., with respect to maintenance and other services) or seek early termination. In the event that any risks relating to the negotiation or renegotiation of terms and conditions in customer contracts materialise, it could have a material adverse effect on Smart Wires' business, financial position and results of operations.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.1.6 The Group is exposed to financial reporting risks, including a material weakness in its internal control over financial reporting

As part of its responsibility to prevent and detect errors and fraud affecting its financial statements, the Group's Management has set up specific accounting and reporting procedures in relation to, amongst other things, revenue recognition process, taxation and other complex accounting issues. Any failure to prevent and detect errors and fraud within the implementation of such procedures could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

In connection with the preparation and audit of the Smart Wires Inc ("**SWI**") 2020 consolidated audited financial statements, a material weakness was identified in its internal control over historical financial reporting. A "material weakness" is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, meaning that there is a reasonable possibility that a material misstatement of the Group's financial statements will not be prevented, or detected and corrected, on a timely basis.

The material weakness identified was in relation to the Company's segregation of duties. Segregation of duties is a fundamental element of an effective system of internal control. The basic premise of segregating duties is to prevent situations where an employee has the ability to perpetrate and conceal an error or fraud. Proper segregation of duties provides for a system of checks and balances such that the functions performed by one employee are subject to review through the performance of interrelated functions of another employee. The Group's size and structure (reflecting start-ups) can make it difficult to achieve an appropriate level of segregation of duties in a cost-effective way.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.1.7 Interruptions in information technology systems and cyber security issues could adversely affect Smart Wires' business

Smart Wires relies on the efficient and uninterrupted operation of several information technology systems and networks to operate its business. Any significant disruptions to Smart Wires' systems or networks, including, but not limited to, new system implementations, obsolete hardware and software, unpatched software, computer viruses, phishing attacks, ransomware attacks, cyber-attacks including but not limited to denial-of-service attacks and man-in-the-middle attacks, physical facility intrusions, unauthorised employee or vendor access to sensitive IP and computer source code for the Group's products, natural disasters, terrorism, war, telecommunication failures, or energy disruptions and blackouts could have a material adverse effect on Smart Wires' business, results of operations, financial condition, cash flows and/or prospects. Smart Wires' third-party service providers and other vendors have access to certain portions of the Group's information technologies system. Certain failure or negligence of these service providers may cause material disruptions in the Group's operations, which could affect Smart Wires' ability to perform in a timely manner.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is low.

2.1.8 Any failure in a customer's infrastructure or applications as a result of any failure in the Group's products or services, particularly with regards to cybersecurity failures, could result in a claim for damages against the Group or result in significant reputational harm

The Group's engagements involve projects and services that are critical to its customers' grid operations. Any cybersecurity failure in a component or application that the Group designed, built, operates or supports could in a worst case scenario take down entire grid systems, which may result in a claim for damages against the Group and impose significant reputational harm on the Group, regardless of its responsibility for the failure. For example, an intrusion by a malicious actor into a Smart Wires product behind a customer's firewall could give this actor access to a customer's broader power network where they in turn could disable the system, take power plants off-line and permanently damage the operating systems of the utility or grid operator. Although the Group has product liability insurance coverage and IT consulting insurance coverage, there can be no assurance that any such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

If the risks materialise, it is assessed that it could have a high impact on Smart Wires. The probability that the risks are realised is low.

2.1.9 The Group may not be successful in realising its growth plans, which require its business to scale at a rapid pace

As the Group's development and commercialisation plans for new solutions and products continue to develop, it expects it will need additional managerial, operational, sales, marketing, financial and other resources to realise its growth plans and scale its business as planned. However, there can be no assurance that the Group will actually be successful in achieving and realising its development and commercialisation plans or achieve the expected growth through scaling. If and when the Group's operations expand, it expects to enter into additional relationships with various suppliers and other third parties to further develop its customer base. The Group's business, results of operations, financial position and the development and commercialisation of its new solutions and products will depend, in part, on its ability to manage future growth effectively. For the Group to realise its growth plans, it is dependent on its ability to scale as projected, meaning that its business must scale at a rapid pace in the next few years. This will require a significant scaling of facilities, production, people, processes, systems, tools, design, projects, etc., and the Group may be unsuccessful in its ability to scale. In addition, the Group is dependent on its SmartValve technology and broader product portfolio being widely accepted by the

marketplace as a product that effectively reduces grid congestion to save customers money for more effective distribution on the high voltage power grid. The Group is also dependent on continuously developing and expanding its product portfolio. There can, however, be no guarantees that Smart Wires' existing and/or new products will be widely accepted by key global utilities and transmission system operators in the marketplace.

As a result, the Group is dependent on managing its development efforts effectively, hiring, training and integrating additional personnel as required, and its products being widely accepted by the marketplace as well as being able to scale as intended. To the extent that the Group is unable to complete these actions or the products should not be widely accepted, this will have a material adverse effect on the Group's business, prospects, liquidity, financial condition and results of operation.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is medium.

2.1.10 Smart Wires may fail to effectively protect information about customers and employees

Smart Wires makes use of information technology systems and networks where, amongst others, information about customers and employees may be stored. Failure to maintain proper and sufficient cyber security practices and protocols will lead to such information becoming vulnerable to cyber-attacks and may lead to such information becoming known to others. For loss of information regarding customers and employees, this may further lead to claims and the imposition of fines, etc. (as described in Section 2.3.4 "*Smart Wires is exposed to risk relating to data protection and data privacy regulations, licenses, etc.*") against Smart Wires for improper handling and protection of such information. A failure to effectively protect information about customers and employees could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.1.11 Smart Wires is exposed to risks associated with international operations and expansion

A considerable part of Smart Wires' revenues originate from countries outside of the U.S. (the location of Smart Wires' headquarters) and the Group operates globally. The Group aims to expand its international operations. Smart Wires' operations are consequently subject to risks inherent in international business operations, including, but not limited to, general economic conditions in each country in which the Group operates, overlapping and differing tax structures, data protection regulations (as described in Section 2.3.4 "*Smart Wires is exposed to risk relating to data protection and data privacy regulations, licenses, etc.*"), problems related to management of an organisation spread over various countries, unexpected changes in regulatory requirements, compliance with a variety of local laws and regulations, and longer accounts receivable payment cycles in certain countries. The materialisation of such risks could have a material adverse effect on Smart Wires' business, results of operations, financial condition, cash flows and/or prospects.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is low.

2.1.12 Smart Wires may not be able to maintain sufficient insurance to cover all risks related to its operations

Smart Wires' business is subject to a number of risks and hazards, including, but not limited to project liability, software system errors, labor disputes and changes in the regulatory environment. Such occurrences could result in monetary losses and possible legal liability. Although Smart Wires seeks to maintain insurance or contractual coverage to protect against certain risks to the extent as it considers reasonable, its insurance may not cover all the potential risks associated with the Group's operations.

As pointed out in Section 2.1.5 "*Customers may be successful in negotiating or renegotiating terms and conditions in their contracts that are disadvantageous for Smart Wires, leading to lower revenues and profitability*", many of Smart Wires' customers are large organisations with considerable bargaining power. Consequently, the Group has less of an ability to dictate terms in their customer contracts, and may thus find it difficult to align warranty and liability clauses in customer agreements with the terms of the supplier contracts. This may potentially result in the Group being exposed to claims from customers that are not covered by back-to-back arrangements with its suppliers. In extension of this, it is situation-dependent whether the liability hereto exposed will be covered by the Group's insurance.

The materialisation of risks that Smart Wires does not have sufficient insurance coverage for could have a material adverse effect on Smart Wires' business, results of operations, financial condition, cash flows and/or prospects.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.1.13 Smart Wires may be unable to attract and retain key management personnel and other employees, which may negatively impact the effectiveness Smart Wires' Management and results of operations

The Group's success depends to a significant extent upon the abilities and efforts of the Management and its ability to retain key members of the Management, including recruiting, retaining and developing skilled personnel for its business. The demand for personnel with the capabilities and experience required in the industry is high. In relation to the development of products, the Group is dependent on a very specific set of education and competence factors, and success in attracting and retaining such employees is not guaranteed. There is intense competition for skilled personnel and there are, and may continue to be, shortages in the availability of appropriately skilled people at all levels in the industry in which the Group operates. In the event that the Company relocates its headquarters it may also struggle to retain and relocate key employees. Shortages of qualified personnel or the Group's inability to obtain and retain qualified personnel could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects. Furthermore, there is no guarantee that the Group has adequate protection against competitive actions or solicitation of customers from former employees and executives after termination of their employment.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is low.

2.1.14 Some of Smart Wires' products rely on the availability of licenses to third-party software and other IP

Some of the Group's products may include software or other IP licensed from third parties, and the Group otherwise uses software and other IP licensed from third parties in development of products and services. The Group's products use materials subject to third parties' IP rights and certain products' functionality presupposes that large amounts of such materials are regularly used and indexed from external sources. The Group has agreed to licensing terms for some of this material with rights holders and rights holder organisations, while other materials are used without such licensing terms in place. The inability to obtain or maintain certain licenses or other rights or the need to engage in litigation regarding these matters, could result in delays in releases of products and could otherwise disrupt the Group's business until equivalent technology or materials can be identified, licensed or developed and integrated into the products and services. The use of materials subject to third parties' IP rights in the Group's products without license agreements entail an exposure to risks relating to legal review and claims brought before national courts or IP rights tribunals from rights holders and rights holder organisations. These events could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.1.15 Damage to Smart Wires' reputation and business relationships could have an adverse effect beyond any monetary liability

Smart Wires' business depends on client goodwill, the Group's reputation, and on maintaining good relationships with its customers, suppliers and manufacturing partners including Jabil Inc, and employees. Any circumstances that publicly damage the Group's goodwill, injure the Group's reputation or damage the Group's business relationships may lead to a broader adverse effect than solely the monetary liability arising directly from the damaging events by way of loss of customers, partners and employees. These events could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is low.

2.1.16 Smart Wires is dependent on a limited number of third-party manufacturers and other vendors

The Group has a dedicated manufacturing facility in the U.S. operated by Jabil Inc where its power flow technology units are manufactured. If the Group fails to develop or maintain its relationships with Jabil Inc, it may be unable to manufacture its products or its products may be available only at a higher cost or after a long delay, which could prevent the Group from timely delivering its products to its customers and the Group may experience order cancellation and loss of market share. To the extent the processes that Jabil Inc uses to manufacture components are proprietary, the Company may be unable to obtain comparable components from alternative suppliers.

The Group is furthermore reliant on a third-party vendor located in Pakistan, who has access to and works on critical software and hardware IP of the Group. The Group also does large parts of its R&D, testing and software development with this vendor. In this context, the Group is subject to risks relating to potential IP theft, insertion of malicious code into its products, unauthorised copying of its products, trade restrictions/embargoes, political instability, etc., any of which could have a material adverse effect on the Group's operations, reputation and/or prospects.

In general, the failure of a supplier to supply components or supplies in a timely manner, or to supply components or supplies that meet the Group's quality, quantity and cost requirements, could impair the Group's ability to manufacture its products or decrease its costs, particularly if it is unable to obtain substitute sources of these components or supplies on a timely basis or on terms acceptable to the Group. This could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is medium.

2.1.17 Smart Wires' distributed operations are difficult to manage effectively and additional investments are likely to be made in personnel and infrastructure.

Smart Wires' business operates in various countries globally, and the Management has varied principal places of work. The demands of the business are many and varied, and as the Company grows, ensuring sufficient human and technological resources are in place to guide the business will be critical. Recruiting talented and experienced personnel and securing and implementing new systems to manage the business may prove challenging and add additional expense to the business. Such efforts could adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is low.

2.1.18 Smart Wires may fail to comply with environmental, social and governance ("ESG") standards and expectations which could adversely impact Smart Wires business and reputation. At the same time, compliance with certain ESG standards may pose additional challenges to Smart Wires business

The Group must increasingly meet ESG standards and expectations regarding environmental concerns (e.g., climate change and sustainability), social concerns (e.g., diversity and human rights), and corporate governance concerns (e.g., employee relations when making business and investment decisions). Smart Wires may not always be able to identify and adequately assess the relevant concerns, which may result in failure to meet ESG standards and expectations of stakeholders or the public, which could adversely impact Smart Wires' reputation. At the same time, compliance with certain ESG standards, in particular environmental standards, may pose challenges to Smart Wires business and lead to additional costs in Smart Wires business.

In the wider context of ESG, there is a risk of insufficient funding or procurement of other financing instruments and other financial services such as financing, securities, hedging instruments or insurance provided by banks, insurance companies and other financial institutions for Smart Wires' business operations due to financial institutions' internal, industry-wide or policy-driven prerequisites for all dimensions of ESG. Examples are the new 'lending criteria' of the European Investment Bank or the European Union's (the "EU") taxonomy for sustainable activities.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is low.

2.1.19 Smart Wires may not be able to respond to rapid technological changes or develop new services in a competitive market

The Group's future profitability depends heavily on its ability to enhance and improve its products and services and introduce new features, products and services. There can be no assurance that any attempts on enhancements to the software or new product experiences, features or capabilities will be compelling to users or gain market acceptance in a timely and cost-effective manner. Any delays or competitors' introduction of competitive or substitute products, services and/or technologies could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is low.

2.2 Risk related to the industry in which Smart Wires operates

2.2.1 The Group operates in a highly regulated and conservative industry

The Group's customers are utilities and transmission system operators who are highly regulated entities, and in many events state-owned entities, that generally have strict rate-of-return based investment criteria that could affect their ability/willingness to purchase Smart Wires' products and equipment. Furthermore, the industry is also highly conservative, meaning that adoption of new technologies can be slow and require pilot projects that may stretch over multiple years, which may have a significant impact on the Group being able to sell its existing products and expand its offering of new products to these customers. For other risks relating to the Group's customers, see also Section 2.1.5 "*Customers may be successful in negotiating or renegotiating terms and conditions in their contracts that are disadvantageous for Smart Wires, leading to lower revenues and profitability*" and Section 2.3.1 "*The markets in which Smart Wires and its customers operate are subject to several regulatory requirements which are subject to change*".

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.2.2 The Group's industries and business operations are subject to various risks relating to global or local outbreaks of infectious diseases and other public health crises. In particular, Smart Wires is affected from the fallout of the outbreak of the recent Coronavirus pandemic

The Group is globally active and, as such, directly and, through Smart Wires' customers and suppliers, indirectly exposed to various risks arising out of or in relation to global and local spreads of infectious diseases, such as the recent outbreak of the COVID-19 pandemic, or other forms of public health crises. For example, a key supplier of Smart Wires has experienced difficulties relating to disruptions to the global supply chains, which have had a direct effect on the Group's ability to deliver timely on certain customer contracts (as described in Section 2.1.3 "*Operational failures in Smart Wires' value chain processes and quality issues could negatively affect Smart Wires business and reputation, and result in claims, penalties and additional costs*".) As such, these COVID-19 triggered difficulties disruptions have led to significant delays and the Group has not been able to conduct its operations as normal.

Risks stem not only from the immediate effect of such crises but also from any measures aimed at limiting their impact, including, but not limited to, restrictions on travel, imposition of quarantines, prolonged closures of workplaces, curfews or other social distancing measures, including the social impact of such measures. Such measures may be required by public health laws, imposed by public authorities on international, national or local level, required under best practices in Smart Wires' industries or implemented under Smart Wires' own or its customers' or suppliers' EHS standards. COVID-19 has already resulted in lockdowns and various levels of restrictions of movement being imposed globally, including the United States of America and other countries where Smart Wires sells products, solutions and services. The restrictions include curtailing travel, closure of schools, prohibition of mass gatherings and mandatory remote working. The extent to which global and local economies, the industries in which Smart Wires is active, Smart Wires' business operations and the business operation of Smart Wires' customers are affected by public health crises depends on a number of factors. These factors include, but are not limited to, the spread of diseases and the duration of outbreaks, timing, adequacy and effectiveness of countermeasures imposed by public health laws or public authorities at international, national or local level and the level of civil compliance with such measures. There can be no guarantee that such measures, or a combination thereof, are effective means to combat such an outbreak and the implications resulting therefrom. A continuing public health crisis due to the inefficiency of relevant measures as well as the effects of

the countermeasures themselves may have material adverse effects on Smart Wires' business, financial position and results of operations.

In particular, Smart Wires is subject to the following risks relating to such crises:

- the spread of infectious diseases among Smart Wires' workforce or that of its manufacturing partner, Jabil Inc, may adversely interrupt, and even result in a shutdown of Smart Wires' product production, Smart Wires' project sites, internal functions, and service and sales activities, particularly in the case of a high sickness rate or quarantines, which has resulted and could result in a loss of productivity. Social distancing according to public health laws or Smart Wires' EHS standards in factories, offices and sites may lead to inefficiencies or cost increases. Under such laws and standards, Smart Wires may be required to temporarily suspend Smart Wires activities, in particular the execution of Smart Wires projects, which could materially adversely affect Smart Wires internal processes and supply chains;
- similar risks affecting key suppliers and restrictions to the free transfer of goods and supplies on which Smart Wires depend, such as Jabil Inc, have already led and may lead to supply chain disruptions and result in shutdowns, and Smart Wires may not be able to fulfil Smart Wires' obligations towards its customers in a timely manner. Smart Wires' resulting inability to perform its contractual obligations may subject the Group to claims of non-performance or damages, see in this regard the description relating to the notice of concern in Section 2.1.3 "*Operational failures in Smart Wires' value chain processes and quality issues could negatively affect Smart Wires business and reputation, and result in claims, penalties and additional costs*";
- in addition to these risks, the imposition of travel restrictions may also adversely affect Smart Wires businesses, especially because Smart Wires runs a global operation. For example, Smart Wires' service and project businesses rely on Smart Wires' and its project partners' and contractors' ability to send personnel on-site and to provide installation and service capacities, the lack of which could result, e.g., in service outages;
- the impact of public health crises such as COVID-19 could have severe effects on global and national economies and even lead to a prolonged recession;

Global or local spreads of infectious diseases and measures aimed at limiting their impact could have a material adverse effect on Smart Wires' business, financial position and results of operations and such effects would be greater if various risks, including potential quarantines, suspensions of business operations, travel restrictions and their general effects on the business environments took effect simultaneously.

As of the date of this Company Description, there is significant uncertainty relating to the severity of the near- and long-term adverse impact of COVID-19 on the global economy and the global financial markets, and Smart Wires is unable to accurately predict the near-term or long-term impact of COVID-19 on Smart Wires' business.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is medium.

2.2.3 Competition and lower market prices could negatively affect Smart Wires' business, financial position and results of operations

The worldwide markets for Smart Wires' products, solutions and services are highly competitive. Factors such as pricing, product and service quality, product development and introduction time, customer relationships, financing terms and the ability to quickly adapt to shifts in market demands play an important role in Smart Wires' highly competitive market environments. Smart Wires faces established competitors with significant market experience and emerging competition from developing markets, where many competitors have developed their offerings locally and are now expanding globally. Some industry fields in which Smart Wires operates are undergoing consolidation, which may result in stronger competitors or a change in Smart Wires' relative market position. Decreasing demand for Smart Wires offerings as a result of a weaker market position could lead to increases in inventory of finished or work-in-progress goods or unexpected price erosion.

In the markets which Smart Wires operates, emerging Asian competitors pose a challenge as they look to enter new markets and increase their competitiveness through market consolidation.

Some of these developments may prompt the Group to revise its strategy and product portfolio and there can be no assurance that such revisions yield the targeted results. If the Group is unable to compete effectively against

its competitors or achieve satisfactory prices in negotiations with customers, this could have a material adverse effect on Smart Wires' business, financial position and results of operations.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is medium.

2.2.4 Political instability, international conflicts or new trade barriers may have a negative effect on Smart Wires' business, financial position and results of operations

The Group's business prospects and the execution of projects awarded to it may be negatively affected by political instability or international conflicts. For example, Smart Wires may be forced to reorganise, reduce or terminate business operations in geographical areas where Smart Wires' employees, partners or subcontractors would otherwise be subject to unacceptable economic or personal risks, e.g., due to ongoing or threatened civil unrest, terror attacks or war.

The realisation of any significant adverse political developments could have a material adverse effect on Smart Wires business, financial position, and results of operations.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is medium.

2.3 Risks related to laws and regulations

2.3.1 The markets in which Smart Wires and its customers operate are subject to several regulatory requirements which are subject to change

As a Group with a global business, it is exposed to various product- and country-related regulations, laws and policies influencing business activities and processes. Since Smart Wires provides products and services to customers that are active in regulated energy markets, it is indirectly affected by the regulatory environment applicable to its customers. Changes in regulatory environments for the Group, including EU legislation, and its customers could adversely affect the Group and its customers, including by reducing demand for Smart Wires' products, increasing costs and reducing profit.

In addition, ongoing grid expansion projects may face resistance and be subject to legal actions seeking to stop or delay the completion of one or more projects and may result in overcapacities. Smart Wires' business is further sensitive to changes and the increase in standardisation requirements concerning networks, which may result in costly design changes and additional testing efforts. Should the Group be unable to implement the required changes to its products and solutions in a timely manner, the Group risks losing market access in the affected business areas.

If there is a substantial adverse development in the regulatory and policy framework, this could increase the costs and decrease future customer demand and this, in turn, could have a material adverse effect on Smart Wires' competitive position and its business, financial position and results of operations.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.3.2 Risks of violation of anti-corruption, anti-bribery and anti-kickbacks laws

The Group's business operations and sales are subject to anti-corruption, anti-bribery and anti-kickback laws in multiple jurisdictions, which prohibit improper payments and requires the Group to keep accurate books and records as well as maintain appropriate internal controls and employee training. The Group's policies mandate compliance with such laws, and the Group conducts training on compliance with such laws for its employees and Board of Directors on a regular basis. There can, however, be no assurance that such policies and training will protect the Group from reckless or criminal acts committed by employees, agents in foreign jurisdictions or third parties. Any violations may incur civil and criminal penalties or other sanctions, or make the Group suffer significant internal investigation costs or reputational harm, which could have material adverse effect on the Group's business, financial condition, results of operations, reputation and/or prospects.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is low.

2.3.3 Smart Wires is exposed to risk of claims and legal proceedings, including IP rights and employment related disputes

2.3.3.1 Legal proceedings in general

The Group may be party to various legal proceedings that arise in the ordinary course of its business, including in the areas of IP rights and employment matters, such as claims by employees relating to ownership of IP rights, wage and overtime laws, medical and family leaves, employee benefits, wrongful termination, unlawful discrimination, gender equality, discrimination and/or harassment as well as claims from existing or prospective shareholders (e.g. for undue equity impairment).

The Group may also become liable for claims relating to its products and services. The Group's customers are resourceful and large organisations, which thus exposes the Group to various claims should the products delivered, installed and maintained subject to the Group to various forms of claims. The Group may also be exposed to claims relating to malicious action taken by an employee impacting a customer installation or product.

These types of claims and proceedings may expose the Group to monetary damages, direct or indirect costs, direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorisations or loss of reputation, all of which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is low.

2.3.3.2 IP related disputes

The value of IP rights is of high importance for the Group, as it operates in a competitive commercial environment where the strength of the IP rights may be an important feature that distinguishes the Group from its competitors. It is therefore important for the Group to ensure the value and commercial use of its IP rights. There can be no assurance that third parties, or employees, have not infringed IP rights owned by the Group or may not do so in the future. Moreover, there can be no assurance that the Group may not infringe or be alleged to have infringed IP rights owned by third parties who may challenge the Group's right to continue to use or sell certain products and/or may seek damages from the Group.

The Group is exposed to the risk of an employee, or other person, stealing or misusing either the Group's or other party's IP. Any such claims made by or against the Group could be time-consuming, result in costly litigation, cause product delays, divert its Management from their regular responsibilities or require the Group to enter into or revise already agreed upon terms in royalty or, in the case of IP right disputes, licensing agreements.

If the risks materialise, it is assessed that it could have a high impact on Smart Wires. The probability that the risks are realised is low.

2.3.3.3 Employment related disputes

The Group's business requires the efforts of a growing and geographically distributed workforce, currently at approximately 90 full time employees as well as a certain amount of contractors. Implementing policies, procedures and training to ensure best practices in all jurisdictions with respect to the treatment of Group employees and contractors is and will continue to be challenging, and may from time to time lead to claims from some members of the workforce relating to their employment. Any such claims made by or against the Group could be time-consuming, result in costly litigation, cause product delays or divert its Management from their regular responsibilities.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.3.4 Smart Wires is exposed to risk relating to data protection and data privacy regulations, licenses, etc.

Smart Wires collects and processes personal data through its business and operations in multiple jurisdictions. This makes the Group exposed to data protection and data privacy laws and regulations it must comply with, which all imposes stringent data protection requirements and provides high possible penalties for noncompliance. The main regulations applicable to the Group are the General Data Protection Regulation (EU) 2016/679 (the

"GDPR") in the EU/European Economic Area (the "EEA") and US privacy acts such as the California Consumer Privacy Act of 2018.

Any failure to implement appropriate technical and organisational measures to comply with the data protection legislation privacy-related obligations to customers or third parties, privacy-related legal obligations, or any personal data breaches such as unauthorised releases that result in an unauthorised release, transfer or use of personally identifiable information or other customer data, may result in administrative fines and governmental enforcement actions, litigation or public statements against the Group. In addition to legal sanctions, any such failure could represent a reputational risk with regard to customers and vendors losing their trust in the Group. If third parties violate applicable laws or its policies, such violations may also put users of the Group's products at risk and could in turn have an adverse effect on the Group's business. Any significant change to applicable laws, regulations or industry practices regarding the processing of personal data could increase the Group's costs and require the Group to modify its services and features, possibly in a material manner, which the Group may be unable to complete and may limit its ability to process user data or develop new services and features.

Furthermore, the Group transfers personal data from the EU/EEA to the U.S. and to other third countries. Such transfers of personal data of EU/EEA citizens must ensure that the level of protection guaranteed by the GDPR is not undermined. In order for transfers of personal data to third countries to be lawful, such transfers must (i) be based on transfer mechanisms, such as binding corporate rules or the EU Commission's standard contractual clauses, and (ii) guarantee the same level of protection in the EU/EEA for the citizens in practice. Currently the Group transfers personal data from the EU/EEA to third countries based on adequacy decisions and the EU Commission's standard contractual clauses. The Group's vendors rely on the EU Commission's standard contractual clauses, binding corporate rules, as well as adequacy decisions. Failure to implement additional measures to guarantee the same level of protection to the citizens, could result in administrative fines as well as adversely affect the Group's trust and reputation.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.3.5 Smart Wires is exposed to risks relating to failure to comply with applicable tax legislation

Smart Wires is subject to prevailing tax legislation, treaties and regulations in every jurisdiction in which it is operating, and the interpretation and enforcement thereof. The Group's income tax expenses are based upon its interpretation of the tax laws in effect at the time that the expense is incurred. If the Group's interpretation of the tax laws is at variance with the interpretation of the same tax laws by tax authorities, this could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

If any tax authority successfully challenges the Group's operational structure, intercompany pricing policies, receivables, the taxable presence of its subsidiaries in certain countries, or if taxing authorities do not agree with the Group's and/or any subsidiaries' assessment of the effects of applicable laws, classifications and determinations, treaties and regulations, or the Group loses a material tax dispute in any country, or any tax challenge of the Group's tax payments is successful, the Group's effective tax rate on its earnings could increase substantially, which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.4 Financial risks

2.4.1 In order to execute Smart Wires' growth strategy, the Group may require additional capital in the future, which may not be available

To the extent the Group does not generate sufficient cash from operations, the Group may need to raise additional funds through debt or additional equity financings to execute the Group's growth strategy and to fund capital expenditures. Adequate sources of capital funding may not be available when needed or may not be available on favorable terms. The Group's ability to obtain such additional capital or financing will depend in part upon prevailing market conditions as well as conditions of its business and its operating results, and those factors may affect its efforts to arrange additional financing on satisfactory terms. If the Group raises additional funds by issuing additional shares or other equity or equity-linked securities, it may result in a dilution of the holdings of

existing shareholders. If funding is insufficient at any time in the future, the Group may be unable to fund acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's results of operations, cash flow and financial condition.

If the risks materialise, it is assessed that it could have a medium impact on Smart Wires. The probability that the risks are realised is low.

2.4.2 Future debt levels could limit Smart Wires' flexibility to obtain additional financing and pursue other business opportunities

Smart Wires may incur additional indebtedness in the future. This level of debt could have important consequences for the Group, including the following:

- the Group's ability to obtain additional financing for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may be unavailable on favorable terms;
- the Group's costs of borrowing could increase as it becomes more leveraged;
- the Group may need to use a substantial portion of its cash from operations to make principal and interest payments on its debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to its shareholders;
- the Group's debt level could make it more vulnerable than its competitors with less debt to competitive pressures, a downturn in its business or the economy generally; and
- the Group's debt level may limit its flexibility in responding to changing business and economic conditions.

The Group's ability to service its future debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory and other factors, some of which are beyond its control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms, or at all.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.4.3 Smart Wires is exposed to foreign currency exchange risk

Currency exposure is the result of purchases of goods and services in other currencies than the Group's functional currency (transaction exposure) and of the conversion of the balance sheets and income statements in foreign currencies into USD (translation exposure).

The Group's products and services are sold globally. Accordingly, the Group is exposed to currency risk. The Group prepares its financial statements in USD. Because the Group reports financial results in USD, the Group faces a currency risk to the extent that the assets, liabilities, revenues and expenses of the Company's subsidiaries are denominated in currencies other than USD. In order to prepare the Group's financial statements, the Group translates the values of these assets, liabilities, revenues and expenses into USD at the applicable exchange rates. Future variations in the exchange rate could therefore have an impact on the Group's reported financial results.

Currency risks may also arise when Group companies enter into transactions that are denominated in currencies other than their functional currency. The Group itself is also invoiced in other currencies than its functional currency, thus resulting in currency exposure from both a customer and supplier position. Such translation exposure does not give rise to an immediate cash effect. Additionally, changes in exchange rates can affect the Group's customers and suppliers, and for instance result in a reduction of customers' willingness to pay or increase suppliers' costs, and as such indirectly affect the Group's profitability.

If the risks materialise, it is assessed that it could have a low impact on Smart Wires. The probability that the risks are realised is low.

2.5 Risks related to the SDRs and the Admission to Trading

2.5.1 The Company will incur additional costs as a result of being a company admitted to trading

As a traded company with its SDRs admitted to trading on First North, the Company will be required to comply with First North Sweden's reporting and disclosure requirements. The Company will incur additional legal, accounting and other expenses to comply with these and other applicable rules and regulations, including hiring additional personnel. The Company anticipates that its incremental general and administrative expenses as a listed company will include, among other things, costs associated with reporting to shareholders, shareholders' meetings, investor relations, incremental director and officer liability insurance costs and officer and director compensation. Any such increased costs, individually or in the aggregate, could be significant.

2.5.2 The price of the SDRs may fluctuate significantly

The trading price of the SDRs could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, significant contracts, acquisitions or strategic relationships, publicity about the Company, its products and services or its competitors, lawsuits against the Company, unforeseen liabilities, changes to the regulatory environment in which it operates or general market conditions.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the SDRs may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of its SDRs.

2.5.3 There is no existing market for the Shares or SDRs, and a trading market that provides adequate liquidity may not develop

Prior to the Admission to Trading on First North there is no public market for the Shares or SDRs, and there can be no assurance that an active trading market will develop or be sustained. The market value of the SDRs could be substantially affected by the extent to which a secondary market develops for the SDRs following the completion of the Admission to Trading on First North. SDRs trading on First North may have lower liquidity than shares trading on Nasdaq Stockholm.

2.5.4 The Company has outstanding warrants and options which, if exercised, could dilute the holdings of shareholders and could materially affect the price of the SDRs

As of the date of this Company Description, SWI has a total of approximately 0.55 million outstanding common warrants which are all vested and owned by a former lender.¹ The common warrants expire in February 2029, and have an exercise price of USD 0.1 per share.² The Company has not determined the fair value of the warrants as at the date of this Company Description.

In addition, there are in aggregate approximately 5.70 million outstanding options, including approximately 1.46 million vested options and 4.24 million unvested options.³ Furthermore, there are currently around 0.98 million authorized but unissued option that will be used to grant approximately 0.89 million promised but not yet approved options to new and promoted employees and the exercise price is likely to be based on the offering price of the Private Placement.⁴

When these warrants or options are exercised it could reduce the proportionate ownership and voting interests of holders of SDRs as well as the earnings per Share and the net asset value per Share of the Company and the market price of the SDRs. The exercise of warrants or options could further dilute other shareholders. If all

¹ Following a recalculation of the number of options and warrants based on the reverse share split 10:1 to be implemented on 17 May 2021 in SWI, in order to reflect the number of Shares issued in the Company as merger consideration in connection with the Reorganisation, (as described in Section 13.1.1.3 "The Reorganisation").

² Following a recalculation of the strike price based on the reverse share split 10:1 to be implemented on 17 May 2021 in SWI, in order to reflect the number of Shares issued in the Company as merger consideration in connection with the Reorganisation, (as described in Section 13.1.1.3 "The Reorganisation").

³ Following a recalculation of the number of options and warrants based on the reverse share split 10:1 to be implemented on 17 May 2021 in SWI, in order to reflect the number of Shares issued in the Company as merger consideration in connection with the Reorganisation, (as described in Section 13.1.1.3 "The Reorganisation").

⁴ Following a recalculation of the number of options and warrants based on the reverse share split 10:1 to be implemented on 17 May 2021 in SWI, in order to reflect the number of Shares issued in the Company as merger consideration in connection with the Reorganisation, (as described in Section 13.1.1.3 "The Reorganisation").

outstanding warrants and options and authorised but not issued options would be exchanged for Shares or SDRs in the Company, they represent a dilution of approximately 6.50 percent.⁵

2.5.5 Future issuances of shares or other securities in the Company may dilute the holdings of shareholders and could materially affect the price of the SDRs

It is possible that the Company may decide to offer new shares, SDRs or other securities in order to finance new capital-intensive investments in the future, in connection with unanticipated liabilities or expenses, or for any other purposes. Any such offering could reduce the proportionate ownership and voting interests of holders of SDRs as well as the earnings per Share and the net asset value per Share of the Company, and any offering by the Company could have a material adverse effect on the market price of the SDRs.

2.5.6 The transfer of the Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The SDRs have not been registered under the U.S. Securities Act of 1933 or any U.S. state securities laws or any other jurisdiction outside of Sweden and are not expected to be registered in the future. As such, the SDRs may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act of 1933 and applicable securities laws. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

2.5.7 Distributions and payments of dividends require the Custodian's consent

According to the Articles of Association of the Company, no distribution shall be declared or authorised without the prior written consent of the Custodian. In the event that the Custodian consents to a distribution or payment of dividend it would further require that the Custodian and the Company enter into arrangements with Euroclear (as described in Section 12.11 "*Register of shareholders and SDRs*") in order to enable distribution of dividends or any other distributions to the SDR holders. There is a risk that the Custodian will not accept that the Company carries out distributions to the SDR holders, and in the event that the Custodian accepts that the Company carries out distributions to the SDR holders, there is a risk that the Company cannot carry out the distributions anyway as the Custodian and the Company may not succeed to enter into the relevant arrangements with Euroclear.

2.5.8 The Company is subject to the continuing obligations for companies admitted to trading on First North which may deviate from the regulations for securities trading on Nasdaq Stockholm or Nasdaq First North Premier, and which may imply a risk of a lower degree of transparency and minority protection

The SDRs are expected to be admitted to trading on First North, which is a multilateral trading facility and not a regulated market. A multilateral trading facility is not subject to the same legal restrictions as a regulated market, and as a result thereof, an investment in shares or SDRs traded on a multilateral trading facility is typically associated with a higher risk than an investment in shares or SDRs traded on a regulated market.

An investment in the SDRs is suitable only for investors who understand the risk factors associated with an investment in a Company admitted to trading on First North.

⁵ Dilution based on the number of Shares following completion of the Private Placement and assuming full exercise of the Greenshoe Option, but excluding shares in SWI held by Excluded Stockholders, (as described in Section 13.1.1.3 "*The Reorganisation*").

3 BACKGROUND AND REASONS

Smart Wires conducts grid technology business that helps utilise, modernise, optimise and monetise grid capacity to meet the demands and opportunities of the energy transition. The Group has successfully managed to expand from being an American player to now having a global presence, with teams in Ireland, Greece, Australia, Colombia and Germany. The technical team consists of more than 250 industry-leading experts including external consultants. The main avenue for growth in the mid-term for the Company is expected to be the acceleration of this core business as the Company capitalises on its rapidly expanding pipeline of new projects. Other potential growth opportunities relate to introducing the current product portfolio in new countries and continents, into complementary offerings such as software solutions for surveillance, operation, system services and optimisation of the grid as well as aftermarket services such as maintenance and supply of spare parts. The Company's current focus has been the Alternating Current Transmission system. The Company's current design maturity and strong IP portfolio positions the Company well to competitively enter vertical markets that consist of wider applications on the AC Transmission System and the lower voltage AC Distribution markets.

The Company's owners, Board of Directors and Management have ambitious growth plans, which include but are not limited to, continued growth in existing geographies, wider coverage in the Americas and Europe as well as expansion into the Asian markets. To support these ambitions, the Board of Directors has decided to apply for listing of SDRs on First North. The Company's owners, Board of Directors and senior executives believe that a listing of the SDRs will be an important step in order to strengthen its position within the grid technology segment. The access to capital markets, including a more diversified shareholder base is seen as a natural and positive step for the Company, which can strengthen the Company's market positioning through offering a liquid share to a broad investor base. Moreover, the Listing is expected to give the Company access to Nordic and international high-quality investors which can facilitate and support the Company in realising its growth strategy, including both organic and inorganic growth initiatives. It is also Smart Wires' opinion that the opportunity to own SDRs in the Company may lead to increased engagement from customers as well as employees.

With reference to the background and reasons above, Smart Wires' Board of Directors considers that this is the right time to apply for a listing of the SDRs on First North.

Stockholm 14 May 2021

Smart Wires Technology Ltd

The Board of Directors

4 PRESENTATION OF FINANCIAL AND OTHER INFORMATION

4.1 Financial information, auditor and information being subject to audit

SWI has prepared the audited annual consolidated financial statements for the financial years ended 31 December 2020 and 31 December 2019, respectively, in conformity with U.S. GAAP for historical operations of the Company.

The audited financial statements have been audited by Frank, Rimerman + Co. LLP ("**Frank, Rimerman**").

The audit reports for the financial years 2020 and 2019 include an Emphasis-of-Matter regarding Going Concern, which are quoted below in Section 7.1 "*Summary of accounting policies and principles*".

Other than the audited financial statements for the financial years 2020 and 2019, Frank, Rimerman has not audited, reviewed or produced any report or any other information provided in this Company Description.

4.2 Functional currency and foreign currency

In this Company Description, all references to "**USD**" are to United States dollars, the lawful currency of the United States, all references to "**SEK**" are to Swedish kroner, the lawful currency of Sweden, and all references to "**GBP**" are to British pound sterling, the lawful currency of the United Kingdom.

The Company has USD as functional currency and the Financial Statements are presented in USD.

4.3 Rounding

Certain figures included in this Company Description have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.4 Third-party information

Throughout this Company Description, the Company has used industry and market data obtained from independent industry publications, market research, internal surveys and other publicly available information. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. The Company has not independently verified such data. Similarly, whilst the Company believes that its internal surveys are reliable, they have not been verified by independent sources and the Company cannot assure readers of their accuracy. Thus, the Company does not guarantee or assume any responsibility for the accuracy of the data, estimates, forecasts or other information taken from sources in the public domain. The information in this Company Description that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Company confirms that no statement or report attributed to a person as an expert is included in this Company Description.

Unless otherwise indicated in the Company Description, the basis for any statements regarding Smart Wires' competitive position is based on the Company's own assessment and knowledge of the market in which the Group operates. All references to the Company as global leader, best in class, unrivalled etc. are in the view of the Company view.

4.5 Cautionary note regarding forward-looking statements

This Company Description includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the SDRs are cautioned that forward-looking statements are not guarantees of future performance and that Smart Wires' actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Company Description. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

5 MARKET OVERVIEW

This Section provides an overview of the principal market in which Smart Wires operates. Information concerning future market developments, the markets in general, competition, industry trends and similar information, is based on data compiled by professional analysts, consultants, and other professionals.

5.1 Introduction

Smart Wires operates in the global transmission grid technology market and is a leader in modular power flow control technology. Power flow control technology controls and directs power flow on high voltage electric transmission systems. Smart Wires serves transmission owners, primarily electric utilities. Transmission owners use power flow controllers to eliminate line overloads by redirecting power to other lines, to reduce transmission congestion, and to enable renewable energy connection and dispatch. Currently, Smart Wires' main projects are localised in Europe, the United States and Australia with upcoming projects in South America and Canada. The Company has a large customer base comprised of utilities globally.

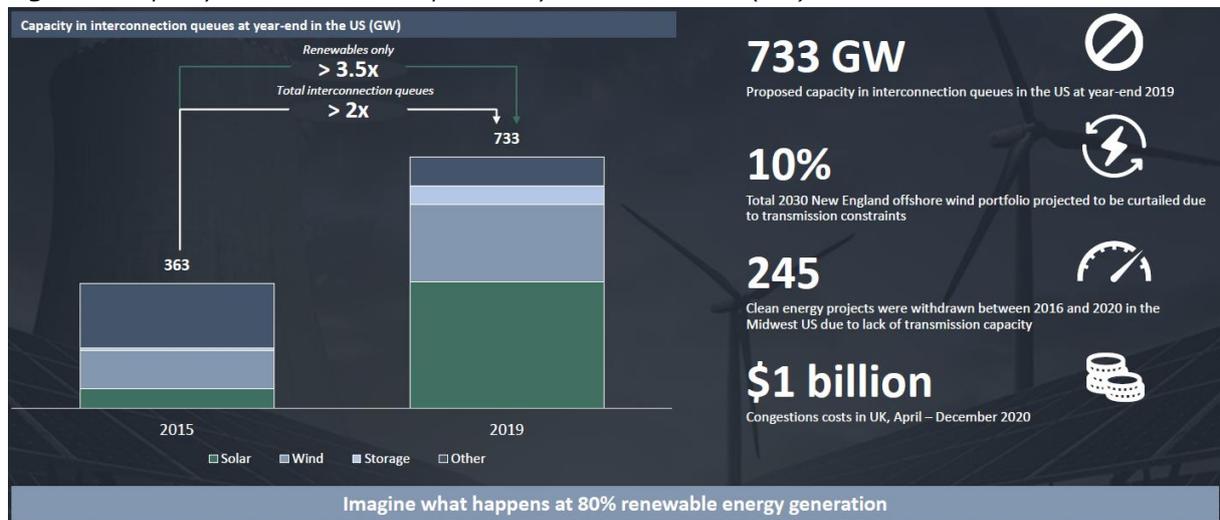
5.2 Industry trends

The energy transition is fundamentally changing our energy consumption. Global policymakers are pushing for a transition to cleaner energy generation. Traditional fossil fuel electricity generation is being replaced with solar, wind and other renewable energy generation sources. At the same time, industries and consumers are electrifying at an increasing pace, spearheaded by electric vehicles. Society has to a large extent solved the challenges of generating renewable energy, and the solutions are proven, cost competitive and capable of displacing fossil sources. The next steps are related to implementing the shift from fossil fuel source to renewables, and the next area in desperate need of innovation is the grid.

The grid today consists of old copper and steel legacy technology which has been around for decades with limited innovation. These systems are both inefficient and not flexible enough for the demands of a modern society in rapid transition to a cleaner future. This leads to the electric grid becoming the new frontier for enabling the energy transition. Modernisation of the electric grid is critical in order to achieve this. The International Energy Agency predicts that 47 percent of the global power sector investments to 2030 will be within grid modernisation.

All this new renewable energy awaiting grid connection is causing significant challenges for the grid operators using primarily fixed and inflexible legacy solutions. Combined with a higher demand for electricity in society in general, this causes significant congestion on the grid lines. These congestions result in significant costs as projects are delayed, cancelled or curtailed. This is also suboptimal from an environmental standpoint as the alternative involves old fossil energy generation. In the US alone, 733 GW of generation was waiting in interconnection queues at year-end 2019, which was a significant increase from the last years. This causes a major problem as renewable energy generation is not able to connect to the grid, causing a major bottleneck for the green energy transition.

Figure 1: Capacity in interconnection queues at year-end in the US (GW)

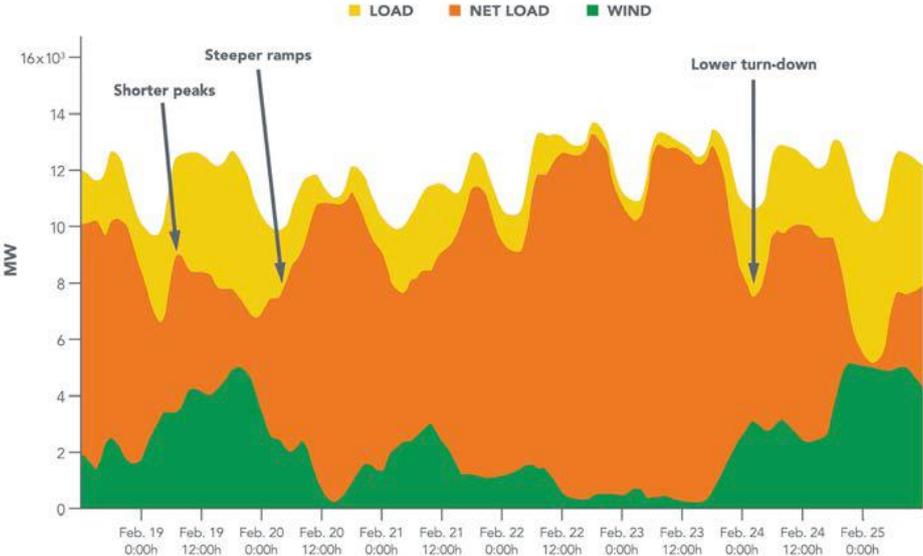


Source: Berkley Lab

Power grids globally face increasing stress daily as accelerating renewable energy generation and electrification exceeds the capacity existing infrastructure. Utilities have been evaluating technologies to help reduce the cost of upgrading or replacing infrastructure as optimisation of existing assets becomes a key priority.

The power flow on the electric grid is variable. Power-needs fluctuate through the day as people’s and business’ activities change. The power consumption also varies through the year as more power is needed for heating in the winter or cooling in the summer depending on the climate. Climate variations could also cause fluctuations, e.g. an abnormally warm summer could significantly increase the power needed for cooling. On top of all these fluctuations in consumption there is new devices, houses, offices or factories added or removed from the grid. All this causes the power systems to have variable needs and require flexibility in system operations and generation to rapidly manage changing system conditions. With additional renewable energy generation in the power mix, the fluctuating nature of the electricity transmission significantly increases. Whereas traditional electricity generation sources have been more stable and controllable during generation, the renewable sources fluctuate significantly throughout the day. This further increases the demand for a modernised and flexible grid.

Figure 2: Greater need for operational flexibility



Source: Cochran et al. 2014⁶

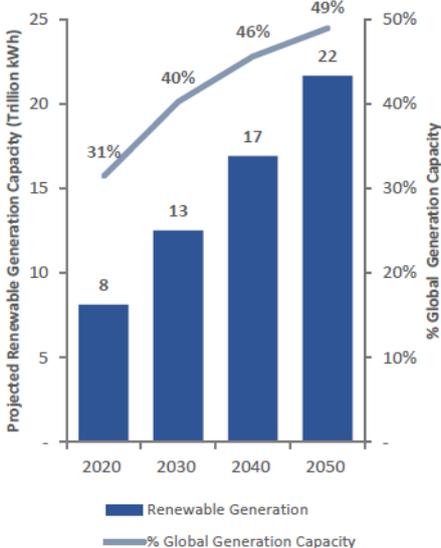
Figure 2 illustrates how the addition of wind generation to the power grid can lead to steeper ramps, deeper turndowns, and shorter peaks in system operations. Ramps represents the rate at which dispatchable generation, i.e. power generation which are more controllable than wind generation, needs to be increased or decreased following the changes in net load on the grid. If the wind generation decreases (increases) at the same time as demand increases (decreases), this requires steeper ramp up (down) of the dispatchable generation than previously. The lower turn-down represents periods when wind generation is high, but demand is low. The dispatchable generators then need to turn output very low to be able to quickly ramp up again when net demand increases. The peaks at which generation is supplied at a higher level are also shorter. These rapid fluctuations result in both challenges for the power generators but also the grid operators. This challenge is expected to grow going forward as the power generation is increasingly shifting from controllable power generation sources to non-controllable production sources where production levels can change in seconds.

Grid congestion and curtailment are severe issues, slowing and preventing the connection and flow of clean energy sources that are cheaper than existing generation. In the US alone, more than 700GW of renewable energy is in queue for a connection, that takes approx. 3 years on average to secure, holding back USD 8 trillion of new investments and 6 million new jobs. In the last 9 months of 2020, UK consumers paid over USD 1 billion in congestion costs where the grid could not transport available renewable energy. New lines and traditional improvements are considered slow, costly and complex. To solve this, the grid must modernise with new policies and technology, and approx. 57 percent of investments in power by 2030 will be related to the grid. The response

⁶ Cochran, J.; Miller, M.; Zinaman, O.; Milligan, M.; Arent, D.; Palmintier, B.; O'Malley, M.; Mueller, S.; Lannoye, E.; Tuohy, A.; Ben Kujala, B.; Sommer, M.; Holttinen, H.; Kiviluoma, J.; Soonee, S.K. Flexibility in 21st Century Power Systems. (2014). NREL/TP-6A20-61721. Golden, CO: 21st Century Power Partnership. Accessed August 2014: <http://www.nrel.gov/docs/fy14osti/61721.pdf>

to this has been a major increase in planned grid capital spending – targeting an increase from USD 250 billion per year today to USD 360 billion per year by 2030. However, much of this is in conventional infrastructure which can be difficult to deliver. Smart Wires’ opportunity is to help meet this need for increased grid capacity quickly and with flexible solutions using new technology. The need for a more flexible electricity grid is therefore critical for including more clean renewable energy into the power mix. As the graph below indicates, the additions of new renewable projects to the grid is expected to grow rapidly going forward, placing significant demands on the grid.

Figure 3: Renewable projects to the grid

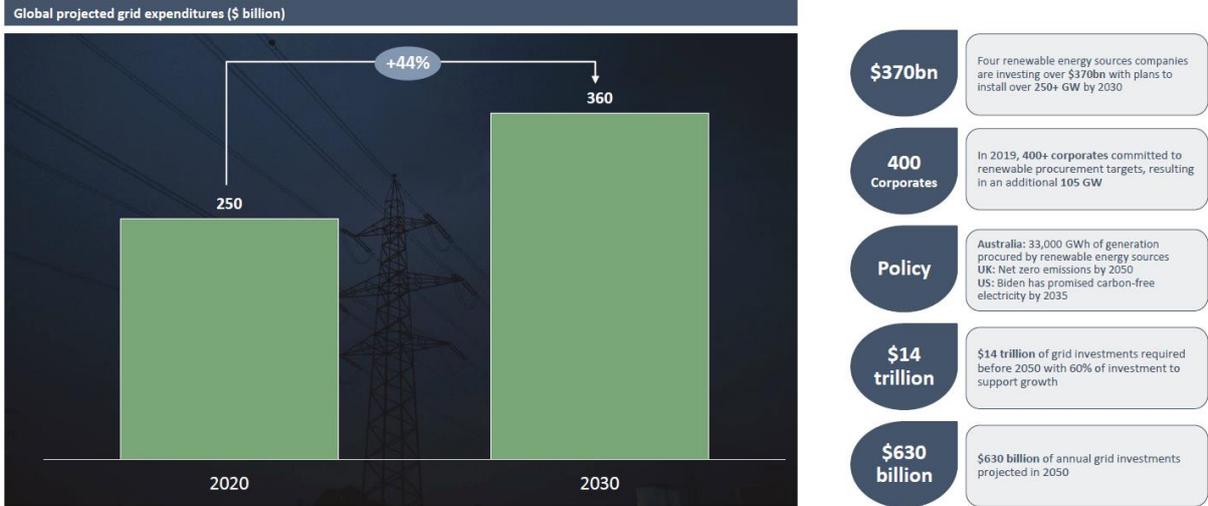


Source: 1. BloombergNEF.

5.2.1 Market size

The power grid technology market is expected to see strong growth going forward as the energy transition progresses. Increased renewable generation, grid decentralisation and electrification are expected to cause significant strain on existing infrastructure and a need to modernise and replace decades old infrastructure. This is expected to drive total global annual grid investments above USD 350 billion by 2030 and above USD 600 billion by 2050¹, providing ample opportunity for Smart Wires.

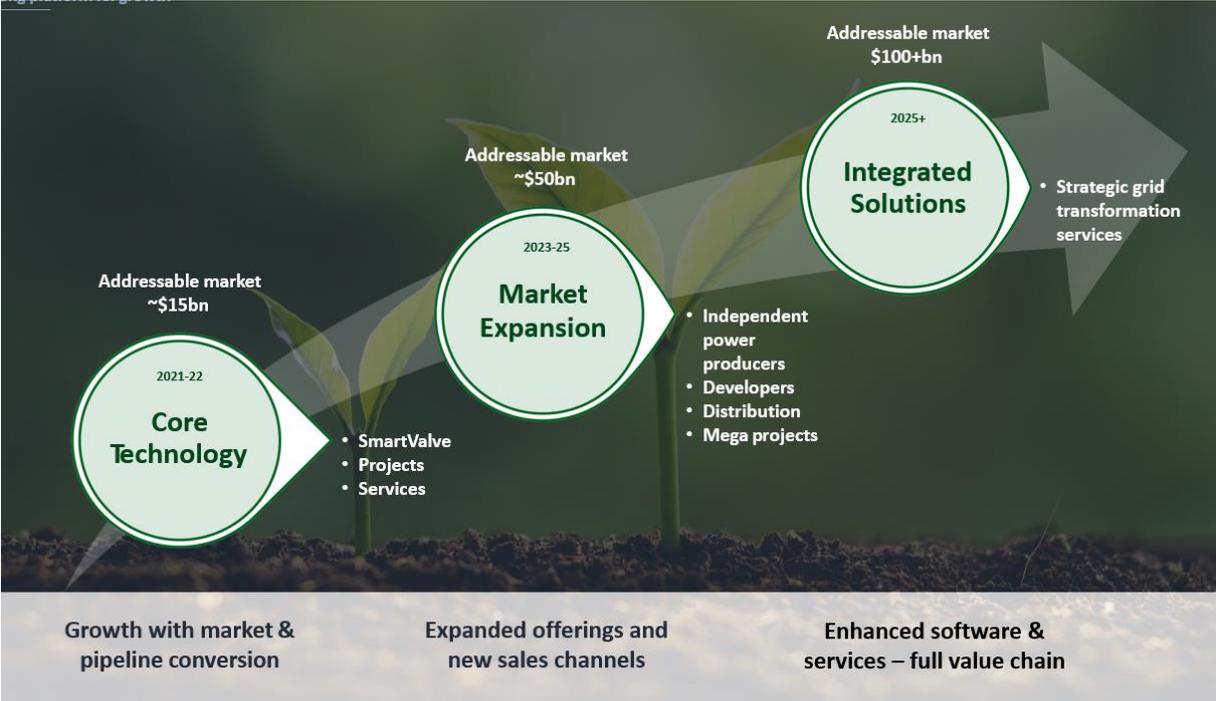
Figure 4: Global projected grid expenditures



Source: 1. BloombergNEF.

5.3 Addressable market

Figure 5: Addressable market



Source: 1. BloombergNEF.

The total available market for global transmission and distribution spend is approximately USD 250 billion per year. Of this, around USD 100 billion relates to transmission capital expenses ("CAPEX"). When assessing the different segments of spend and completing a country-by-country analysis from published capital plans, a current served available market can be calculated as USD 15 billion per year for Smart Wires' core technology market (by geography and channel). The core technology mainly involves applying the SmartValve on transmission lines for power flow control and related projects and services. There are opportunities for Smart Wires to be used when new lines are being constructed to meet increasing needs for electricity transportation, and rebuilding and upgrading of existing lines to better utilize the existing capacity.

Market expansion is expected to increase the estimated addressable market to USD ~50 billion per year. This expansion is expected to be driven by (1) geographical expansion; (2) additional sales channels – adding independent power producers, developers, value added resellers and EPCs, to the existing focused channel of Transmission System Operators; and (3) development of higher and lower capacity versions of the core product to allow Smart Wires to compete for more projects in transmission - moving the Company from 15 percent up to 20-25 percent of that market - and enabling Smart Wires to compete for a share of the USD 150 billion per year distribution CAPEX market.

The second progression in expanding Smart Wires' addressable market is through providing integrated solutions. This means delivering a wider range of the transmission services and software. For example, Australia wants to build major new RES zones which will require new grid assets for the new renewable assets, and integration into the existing grid. Australia is currently managing the grid development outside of the normal transmission providers and the procurement process will focus on the ability to enhance and optimize the grid. Smart Wires expects to be able to offer fully integrated solutions by using the technology, software and services to reduce the costs and volume of old technology required, and to capture some of the upside. The Company expects to be advantaged by being able to offer an integrated design that maximises the efficiency and layout of conventional and smart infrastructure.

The longer-term expansion of integrated solutions offers a significantly larger addressable market of USD 100+ billion per year. Increased software offering and services related to Smart Wires' technology offer significant opportunities for future growth. The Company believes that there is a large potential for the Company to serve the entire value chain and position itself as a key player within strategic grid transformation services. This will be progressed in steps, consisting of (1) ongoing infrastructure delivery; (2) integration with adjacent grid enhancement technologies; (3) broadening of the grid enhancement and system integration offering, including program management; (4) increased software and services capabilities through the integration and optimization of distributed power flow control; and (5) ongoing investments in core R&D and tactical M&A.

5.4 Segmentation

The global transmission grid technology market in which Smart Wires operates is divided based on the solution adopted. The utilities that Smart Wires serves can address line overloads, congestion and renewables integration with either line construction or technological solutions installed onto existing infrastructure. Typical alternatives to Smart Wires technology include:

1. Line construction: Line construction includes building new lines, reconductoring existing lines, or extending and improving existing lines through a number of means, including voltage increases, in order to alleviate noted problems.
2. Power flow controllers (line conditioning devices) which include:
 - a) Phase Angle Regulators or Phase Shifting Transformers (PSTs): Phase shifting transformers provide active power flow control on the electric grid independent of generation. PSTs regulate the voltage phase angle difference between two nodes of the system, which improves the stability and flexibility of grids and enables grid operators to get the most out of existing hardware. Phase shifting transformers are typically large, fixed installations.
 - b) Flexible AC transmission systems (FACTS) which include:
 - i) Static synchronous series compensators (SSSC): Series compensation makes use of capacitors, reactors or power electronic devices offering high flexibility. Series compensators provide an increase in transmission system stability or capacity for power transmission by employing a voltage source converter connected in series to a transmission line through a transformer or multilevel inverters. SSSC can be used to reduce the equivalent line impedance and enhance the active power transfer capability of the line. Typical applications are large, fixed installations. Smart Wires' SmartValve products are modular (non-fixed) SSSC devices installed at line voltage in series with the line/cable.
 - ii) Static synchronous compensators (STATCOM): Static synchronous compensators provide grid operators with reactive power control and are typically used for providing reactive power compensation for voltage support. STATCOM devices achieve this by drawing or injecting a controlled reactive current from the line, similar to SSSC devices. STATCOM devices are typically large, fixed installations.
 - c) Series capacitors and reactors: Traditional applications that provide higher transmission capacities for existing long-distance AC transmission lines and increased grid stability while avoiding new line construction. These devices expand transmission capacity by controlling line impedance. Line impedance can be actively controlled to increase grid stability.
3. Contracting for curtailment or not letting the renewable energy sources connect at all. This option is suboptimal as a decarbonisation strategy and most TSOs have a duty to supply connections. However, in some cases it is an option worth considering if the congestion is very low and the reinforcement options are considered too expensive.

5.5 Competition

The Smart Wires solution is unique in that it is modular and transportable, has a minimal footprint, short installation times, and greater flexibility. Well known competitors and new market entrants offer alternative solutions to Smart Wires technology, but these solutions are based on older technology, have long lead times, are more expensive, and have limited to no ability to adapt, scale, and evolve with the demands placed on the grid. These traditional solutions can be summarized as FACTS, capacitors, phase shifting transformers and reactors. Competitor offerings around these are listed as follows:

- (i) ABB: FACTS, capacitors, phase shifting transformers, reactors
- (ii) Siemens: FACTS, capacitors, phase shifting transformers, reactors
- (iii) GE: FACTS, capacitors, reactors
- (iv) Ingeteam: FACTS
- (v) NR Electric: FACTS
- (vi) Varentec Inc: compact dynamic phase angle (similar design principles to SmartValve but developed for the Distribution market). Varentec was co-founded by a Georgia tech professor who was the original creator of SmartValve technology.

These competitors have a larger market share globally than Smart Wires, but on many of the markets that Smart Wires has focused on and where Smart Wires is active, Smart Wires is constantly gaining market shares. Smart Wires is advantaged compared to the legacy solutions due to six core values (scalability/modularity, power

electronics, re-deployable, protection, mobility, and connectivity) and three product aspects (how it operates, how it's built, and enabling technology) that have been used to create a strong patent portfolio providing protection of core IP and the creation of barrier IP that builds a significant moat for the business. Existing legacy solutions in the market cannot match the Smart Wires SmartValve™ on average project costs, lead time, ease of installation, the ability to meet changing needs over time and the amount of power transfer increase per dollar spent. The table compares Smart Wires' technology to the legacy solutions existing in the market.

Figure 6: Smart Wires' products vs. legacy solutions existing in the markets



		New / upgraded line	Traditional power flow control	Other FACTS devices
Average Project Cost	\$5 - 15 M	\$100 M+	\$20 – 100 M	\$10 – 50 M
Lead time	1 year	7 years	3 years	2 years
Installation complexity	Easy	Highly complex	Complex	Complex
Meet changing needs	Fully flexible	Fixed	Fixed	Fixed
Amount of power transfer increase per \$	Very high	Low	Medium	Medium

Source: Smart Wires

6 BUSINESS DISCRIPTION

6.1 Information about Smart Wires

The Company's legal and commercial name is Smart Wires Technology Ltd, and was incorporated in the BVI on 22 February 2021. The Company is incorporated in the BVI as a BVI Business Company, organised and existing under the laws of the BVI pursuant to the BC Act, and the Memorandum of Association and Articles of Association. The Company's BVI company number in the BVI is 2055269.

The Company's registered office in the BVI is located in Rodus Building, P.O. Box 3093, Road Town, Tortola, VG1110, BVI. The headquarters are located in 3292 Whipple Road, Union City, CA 94587, USA, and its main telephone number is +1 (415) 800 5555. The Company's website can be found at www.SmartWires.com. The content of the Company's website is not incorporated by reference into, nor otherwise forms part of, this Company Description.

The Company is a holding company and Smart Wires' business operations are conducted through its operating subsidiaries (see Section 13.1 "Group structure" for a further description of the Group's entities).

6.2 Business overview

6.2.1 Introduction

Smart Wires specialises in grid optimisation solutions that leverage its patented modular power flow control technology. The Group provides solutions in the fields of transmission reliability, congestion management, and power flow control.

Smart Wires' power flow control technology enables utilities and grid operators to unlock large amounts of underutilised transmission capacity that exists on their systems today. This means that the Group's technology can reduce congestion to save customers money and more quickly connect new renewables and demand. Increasing the utilisation of the existing grid is a more cost-effective and less disruptive way to deliver clean, renewable energy to end customers. Smart Wires power flow control devices allow utilities to increase the efficiency and resilience of today's power grid infrastructure. The technology's modular nature means it's quick to install and easy to move, thereby providing valuable flexibility.

In addition to optimising the use and value of existing transmission assets, Smart Wires' technology can also be added to new grid investments (e.g., new lines) to enhance the utilisation of these new assets and improve the return on investment for new assets.

6.2.2 Business model and sources of revenue

The Group's business model is primarily related to selling and installing hardware (Modular Power Flow Control units ("**MPFC units**")) to utilities for maximising the electricity grid's transfer capacity. Such units come in three versions, and each unit is typically sold for between USD 400,000 to 1,000,000 (although certain units are sold for much lower amounts). However, as electricity by nature is a three-phase product, the Company would deliver at a minimum three units per sale meaning a minimum revenue in the region of ~USD 1.2 to 3.0 million. The average project size is USD 5 to 15 million. The Company may in the future also lease out some of their MPFC units.

Historically, sale of equipment has comprised ~90 percent of the revenues, while Customer training, consulting and device installation have comprised ~10 percent of the sales revenue. Going forward, this mix of revenues will likely change, as the business augments our MPFC technology to dynamic solutions, software and services, and strategic transformation services. This will provide greater annuity revenue streams from maintenance, warranties, lease models, fleet management and software licensing.

6.2.3 Products and clients

6.2.3.1 Products, product evolution and product portfolio

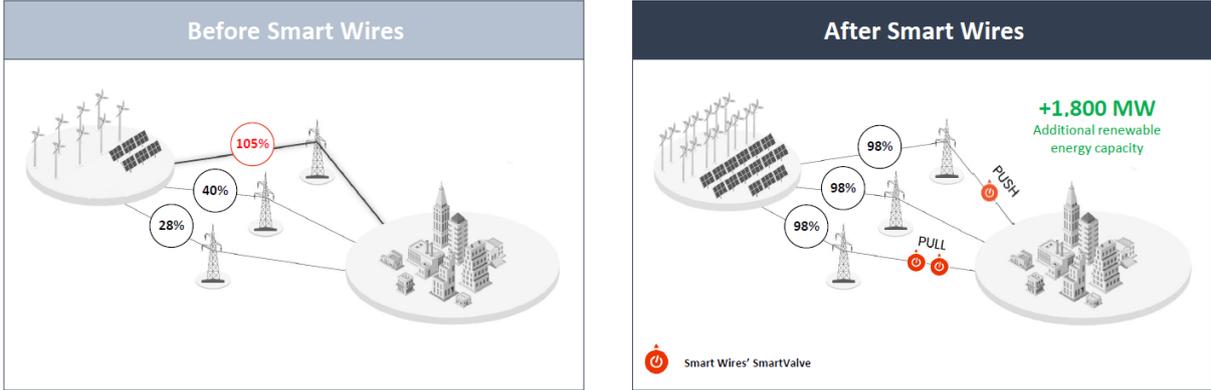
Smart Wires Modular Power Flow Control ("**MPFC**") technology balances power flow between grid substations in order to maximise transfer capacity and utilisation of existing infrastructure. The Group's primary technology is the SmartValve™. SmartValves are installed in series to existing transmission cables and act as valves by resisting and pulling power, effectively enabling control over how energy flows. By injecting a controllable leading or lagging voltage in quadrature with the line current, the SmartValves can effectively change the impedance of the

line dynamically. Through this technique, the power is directed away from overloaded lines and onto lines with spare capacity. This then increases the overall utilisation of the existing infrastructure and total power flow across the system.

Traditionally the electricity providers have had little control over the path the electricity takes through the grid. Electricity takes the path of least resistance/impedance from point A to point B. In practice this means that if there exist multiple parallel paths which the electricity can travel from point A to point B, it chooses the path with the lowest electrical resistance/impedance. If too much electricity flows over that line, the line or the connected substations, could become overloaded. This occurs even if there is spare capacity on other parallel lines in which the electricity could have travelled. The reason for this is that the resistance is in all relevant respects a static parameter, implying that if for instance one line has half the resistance of another line, such line will take twice the power flow. If another 100 MW is added to the corridor, 66 MW will go for the same lower resistance line that is already more heavily loaded even if that means that this line becomes overloaded. There is nothing to physically stop the overloading of a line, implying that the overloaded line takes the extra current but heats up, expands, drops down too far and hits trees etc. In practice this is handled by the operator turning the flow down so this does not happen - causing congestion/constraints.

Along with fluctuations in power needs, this problem has historically forced grid operators to run their grids with a large buffer capacity. If one part of the grid becomes overloaded, substations have to be upgraded or additional transmission lines have to be built, even if other parts of the grid still have spare capacity. With Smart Wires, the grid operators can unlock parts of this latent capacity in their existing infrastructure and save significant costs as well as shorten the lead time for additional capacity to be added to the grid. The below image illustrates how the Group’s technology balances the flows on the grid to unlock latent capacity in order to maximise transfer capacity.

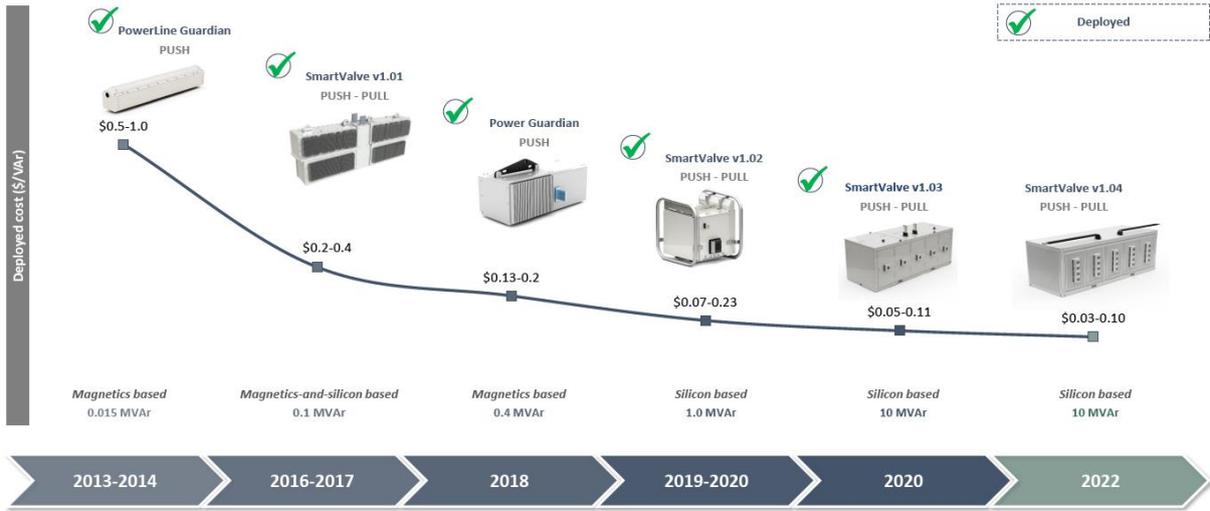
Figure 7: Before and after implementation of Smart Wires' technology



The SmartValve offers high adaptability and speed to quickly solve the electric grid’s changing problems. The modular solution allows for deployment to be optimised to meet the known need. Deployment can easily and quickly be expanded or contracted as needs change over time. This expansion can be done in seconds or in days depending on the size of the grid system but is usually planned months in advance to optimise the individual system. SmartValve is quick to install, easy to relocate or scale, and fully controllable, providing the adaptability which utilities need given the challenges they face today. Installation can be both tower-based and ground-based in addition to a mobile lease fleet. The time for installation ranges between less than a week for small projects up to ten weeks for larger projects. PSTs take up to three years.

The technology has been developed since 2010, since then we have deployed units on four continents and built up over 2400 device years of experience. Each iteration of the SmartValve has offered significant capacity increases and cost reductions. The current version is a step-change to 10MVAR capacity per unit/valve from the .04 MVAR versions of 2018, with reduced deployment costs and increased capacity. This means a single unit today can move 25 times more power than the 2018 generation product, and 100 times more power than the 2016/17 generation.

Figure 8: Evolution of Smart Wires' SmartValve products



Source: Smart Wires

The 2022 versions of SmartValves are set to represent an inflection point and hardware maturity. The SmartValve v1.04 offers substantial benefits in terms of simplicity, reliability, modularity, maintainability, costs and meeting requirements for an even broader market.

6.2.3.2 Production

The production of MPFC units is outsourced by the Company to Jabil Inc, and the contract with Jabil Inc is further the described under Section 13.2 "Material contracts".

6.2.3.3 Client base and clients

The Group’s customer base is mainly large grid operators and some current key customers include AusNet services, TransGrid, Central Hudson Gas & Electric Corporation and NGET. There are also advanced discussions with several large companies and the Group's customer base is rapidly expanding. In addition to the large national grid operators, Smart Wires sees a large potential from independent power producers and developers. As of the date of this Company Description, Smart Wires' technology is in use or being installed on live projects with 25+ grid operators across 4 continents: North and South America, Europe and Oceania. Expanding the customer base and entering new geographic markets offer opportunities for further growth. The Company plans to expand the business development team into identified new markets in North America, Europe and Asia.

6.2.4 Proprietary technology

The SmartValves are controlled by Smart Wires’ proprietary software. Smart Wires has partnered with Nif /T to provide IP strategy and drafting services since 2015. Smart Wires has developed and owns a growing, well protected domestic and international IP portfolio. As of the date of this Company Description, the Company has been granted 38 patents. Of the granted patents a little over half is domestic patents in the United States, while the rest are international. An overview of the Company's granted patents is included Section 13.4 "Patents, licenses and trademarks".

The Group possesses both core IP and barrier IP. The core IP covers the most fundamental concepts protecting product design, critical mode of operation or support system against potential copycats. The barrier IP offers valuable protection to let the Company own the space. The barrier IPs provides an arsenal against larger competitors (Siemens, ABB, GE, etc.) and are designed to give the Company freedom to operate and minimise competition, thus making it more difficult for competitors to innovate in the Company’s area.

6.2.5 Market opportunities

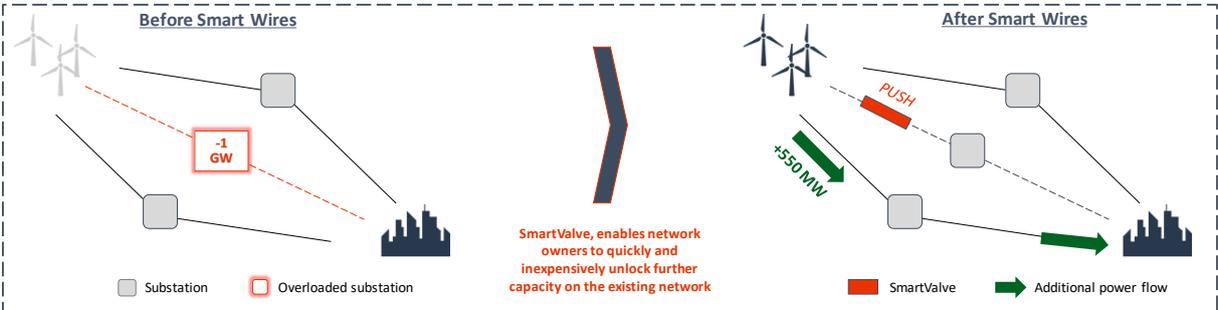
Network constraints can be difficult to manage and legacy solutions (generation re-dispatch, complicated operating procedures or increasing/upgrading existing lines, traditional power flow control) are expensive and inefficient. Smart Wires solutions allow utilities to cost-effectively relieve constraints, increase power transfer capacity and reduce grid congestion by re-directing power from overloaded lines to underutilised parallel paths.

With SmartValve, network operators can "push" power from constrained lines and "pull" power towards underutilised lines, rapidly increasing transfer capacity and increasing available capacity for new energy generation.

The introduction of more renewable energy resources to the electric grid represents increased complexity for the operators because of the fluctuating nature of this power generation and particularly the changing paths over the grid from new generation to demand. By alleviating congestion on the grid, Smart Wires creates opportunity for renewable energy developers to bring their projects online faster and face less risk of curtailment. The best locations for renewables are often places with weaker transmission systems. Extensive network reinforcements may be required to strengthen the grid and absorb the new power flows created by this additional generation. These network reinforcements are often expensive and time consuming. With SmartValve, network owners can quickly and inexpensively incorporate new generation by unlocking capacity on the existing network.

The below image illustrates how an overloaded substation can act as a bottleneck and prevent the utilisation of new renewable energy sources. Traditionally, the substation would have to be renovated in order to eliminate the constraint. With SmartValve, the power could be redirected onto parallel lines with spare capacity and allowing the renewable sources to connect immediately. The utility provider can easily add more SmartValves to the deployment, scaling the solution as wind developers confirm their investments and connect to the network.

Figure 9: Before and after Smart Wires' SmartValves technology



Source: Smart Wires

The Group’s mobile lease fleet offers rapid capabilities to address the short-term, maintenance and emergency solutions market by deploying mobile power flow control solutions to customers under a leasing model. The mobile platform is designed to address many different outage management needs and can be easily redeployed across systems. It can be assembled in 4 hours and fully commissioned in one day for short-term or emergent needs.

Mobile technology is typically utilized where a customer needs to rebuild or do maintenance on an existing line and it generally needs to take the line out of service to safely complete the works. It also needs to do this to connect new generation. When the line is out of service there are two problems: (1) the system is more constrained than usual because some capacity has been removed, and 2) the imbalances are often worse than usual because the system is configured differently to how it was designed to be operated.

In these cases, using a mobile solution to move power around the newly constrained paths means that the transmission operator can keep their system secure and get the work done, giving the opportunity to deploy grid upgrade and expansion work on a timeline that the operators prefer without having to defer important programs due to the inability to take lines out of commission, impacting grid operations and consumers.

Figure 10: Transportation configuration vs. deployed configuration



Transportation Configuration



Deployed Configuration

Source: Smart Wires

Today, Smart Wires is focused on selling hardware and building an installed base. The main avenue for growth in the mid-term is expected to be the acceleration of this core business as the Company capitalises on its rapidly expanding pipeline of new projects. Other potential growth opportunities relate to introducing the current product portfolio in new countries and continents as the adoption rate in current markets increases. Moreover, the Company sees large potential in expanding its product portfolio into complementary offerings such as software solutions for surveillance, operation, system services and optimization of the grid as well as aftermarket services such as maintenance and supply of spare parts. Refer to Section 5.3 "Addressable market" for a further description of the Company's growth opportunities related to an expansion of the addressable market. The inclusion of software capabilities provides the SmartValve with a significant edge over legacy solutions. Enhanced integrated software solutions represent a potential source of growing software revenue going forward. The Company's current focus has been the Alternating Current Transmission system. The Company's current design maturity and strong IP portfolio positions the Company well to competitively enter vertical markets that consist of wider applications on the AC Transmission System and the lower voltage AC Distribution markets. The Company will evaluate each market and the ability to leverage its IP portfolio to develop derivatives for each of these adjacent markets.

6.3 Smart Wires' history, important events and milestones

The below Table 1 provides an overview of key events in the history of Smart Wires:

Table 1 – Key events in the history of the Group	
Year	Event
2001	Initial Patent Filing by Dr. Deepak Divan.
2009	Formation of Smart Wire Focus Initiative (SWFI).
2010	Founding of SWI
2011	Series A investment round completed.
2012	Awarded ARPA-E grant and First Gen 1 PowerLine Guardian installed for Tennessee Valley Authority (" TVA "). Purchase orders (" POs ") closed with TVA and Southern Company Services Inc.
2013	First Gen 2 PowerLine Guardian installed for Southern Company.
2014	POs closed with EirGrid plc. Series B investment round completed.
2015	POs closed with the Pacific Gas and Electric Company (" PG&E "). Series B-2 investment round completed.
2016	Introduction of SmartValve™. First SmartValve installed for EirGrid plc. Smart Wires awarded with 100 percent customer satisfaction by EirGrid plc. POs closed with Réseau de Transport d'Électricité Société anonyme (" Rte "), Central Hudson Gas & Electric Corporation, TransGrid, Minnesota Power, a division of ALLETE, Inc. and Western Power Corporation. Series C investment round completed.
2017	Introduction of Power Guardian™. Company awarded with 100 percent customer satisfaction by National Grid Electricity System operator Limited (" ESO "). POs closed with, among others, ESO, Elektro Ljubljana, d.d., UK Power Networks (IDNO) Ltd. (" UK Power Networks "), National Grid Electricity Trans plc (" NGET ") and TransGrid.
2018	Introduction of Gen 1 Mobile™. Smart Wires awarded with 100 percent customer satisfaction by IPTO. POs closed with, among others, Rte, Stadtwerk Haßfurt GmbH, Stadtwerke Kelheim GmbH & Co KG, PG&E and ElectraNet Pty Ltd. Initial Series D and Series D-2 investment round completed.
2019	First Transformerless SmartValve installed for Central Hudson Gas & Electric Corporation, first Power Guardian installed for UK Power Networks and first Mobile installed for IPTO. POs closed with AusNet services and NGET. In April 2019 a new contract manufacturer of the Company's products was secured with Jabil Inc. Initial Series I tranche completed
2020	First delivery of integrated SmartValve to NGET UK PO closed with TransGrid.
2021	Completion of the Reorganisation, Capital Restructuring, the Private Placement and Admission to Trading

7 SELECTED FINANCIAL INFORMATION

7.1 Summary of accounting policies and principles

SWI's audited financial statements for the financial years 2020 and 2019 have been prepared in conformity with U.S. GAAP.

As described in in Section 13.1.1.3 "*The Reorganisation*", the Company will become the new holding company of the Group through the Reorganisation. While the Company is still assessing the accounting consequences of the Reorganisation, the Reorganisation is expected to be a capital reorganisation under common control. Hence the Reorganisation is expected be accounted for in line with continuity (predecessor accounting), and no changes are expected to SWI's carrying values as reflected in SWI's historical consolidated financial statements. As such, the Reorganisation is expected to result in no purchase price analysis, no fair value adjustments or goodwill, and no uplift to the carrying values of assets and liabilities compared to what is currently recognised in SWI's consolidated

financial statements. In accordance with accounting practice of capital reorganisations SWI's historical financial figures will constitute the Group's historical financial information subsequent to the Reorganisation.

The audited financial statements for the financial year 2020 includes the following Emphasis-of-Matter Regarding Going Concern:

"The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has experienced operating losses and negative cash flows from operations and has an accumulated deficit of \$305,486,361 at December 31, 2020. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter."

The audited financial statements for the financial year 2019 includes the following Emphasis-of-Matter Regarding Going Concern:

"The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has experienced operating losses and negative cash flows from operations and has an accumulated deficit of \$221,770,427 at December 31, 2019. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter."

The Company assesses that the select key figures presented below provide an understanding of the Group's financial trends for the audited financial years ended 31 December 2020 and 2019, and the unaudited interim three-month periods ended 31 March 2021 and 2020.

7.2 Consolidated statements of operations

The table below sets SWI's audited consolidated statements of operations for the financial years ended 31 December 2020 and 31 December 2019, and unaudited consolidated statements of operations for the three-month periods ended 31 March 2021 and 31 March 2020.

Smart Wires Inc.
Consolidated Statements of Operations
Figures in USD

	Three-Month Ended March 31,		Years Ended December 31,	
	2021	2020	2020	2019
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
Revenues				
Product revenue	\$ 10,025,752	\$ 1,775,854	\$ 6,551,068	\$ 8,110,487
Construction revenue	2,186,247	-	8,890,950	-
Total revenues	12,211,999	1,775,854	15,442,018	8,110,487
Cost of Revenues				
Product cost	6,383,748	1,668,991	4,700,584	4,545,534
Construction cost	1,765,098	-	7,076,425	-
Other cost of revenues and manufacturing costs	3,643,417	5,421,278	18,220,636	5,640,691
Cost of revenues	11,792,264	7,090,268	29,997,645	10,186,225
Gross margin	419,735	(5,314,414)	(14,555,627)	(2,075,738)
Operating Expenses				
Research and development	5,493,765	5,653,321	24,560,821	23,163,492
Sales, marketing, and customer support	4,294,848	3,515,296	11,467,541	10,721,841
General and administrative	3,605,000	1,998,972	9,463,786	7,464,478
Total operating expenses	13,393,613	11,167,589	45,492,148	41,349,811
Loss before Other Income (Expenses)	(12,973,878)	(16,482,003)	(60,047,775)	(43,425,549)
Preferred Stock Warrant Liability Revaluation Gain	-	-	-	3,983,667
Interest Expense, net	(1,449,284)	(137,319)	(3,063,072)	(35,055,850)
Other Expense, net	(1,655,954)	(208,733)	-	(44,160)
Net Loss	\$(16,079,116)	\$(16,828,056)	\$(63,110,847)	\$(74,541,892)

7.3 Consolidated balance sheets

The table below sets out SWI's audited consolidated balance sheets as at 31 December 2020 and 31 December 2019, and unaudited consolidated balance sheets as at 31 March 2021 and 31 March 2020.

Smart Wires Inc.
Consolidated Balance Sheets
Figures in USD

	March 31,		December 31,	
	2021	2020	2020	2019
	Unaudited	Unaudited	Audited	Audited
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 24,192,407	\$ 12,305,536	\$ 9,641,093	\$ 29,265,976
Accounts receivable	2,691,072	1,332,593	2,448,217	8,740,535
Inventory	22,348,034	670,442	22,075,349	10,890,508
Prepaid expenses and other current assets	1,620,540	13,151,975	1,296,146	575,688
Total current assets	50,852,053	27,460,546	35,460,805	49,472,707
Property and Equipment, net	3,698,464	4,279,180	4,184,656	4,087,678
Deposits	255,061	237,047	255,355	237,977
Intangible Assets, net	229,994	250,640	235,156	255,801
Total assets	\$ 55,035,572	\$ 32,227,413	\$ 40,135,972	\$ 54,054,163
LIABILITIES, CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' DEFICIT				
Current Liabilities				
Accounts payable	\$ 3,430,064	\$ 5,905,575	\$ 4,826,734	\$ 4,118,152
Accrued expenses and other current liabilities	6,696,969	4,679,805	2,807,463	4,909,611
Deferred revenue and customer deposits	6,675,404	12,595,736	15,915,819	15,604,045
Current portion of long-term debt, net of debt issuance costs and discounts	2,500,000	-	503,457	-
Convertible notes payable, net of debt discounts	-	1,917,967	8,294,514	5,522,967
Line of credit	-	4,950,000	-	4,950,000
Derivative liability	-	623,885	734,785	623,885
Total current liabilities	19,302,437	30,672,968	33,082,772	35,728,660
Long-Term Debt, net of debt issuance costs and discounts	46,298,196	-	22,755,620	-
Royalty Payable	47,240	47,240	47,240	56,688
Restricted Stock Unit Liability	-	126,687	55,081	126,687
Series I convertible preferred stock, \$0.00001 par value, 615,000,000 shares authorized at December 31, 2020 and 2019; 546,400,159 and 452,106,351 shares issued and outstanding, at December 31, 2020 and 2019, respectively; aggregate liquidation preference of \$284,466,908 and \$234,799,870 at December 31, 2020 and 2019, respectively	308,792,426	237,372,565	282,179,013	232,676,567
Stockholders' Deficit				
Common stock, \$0.00001 par value	341	364	351	362
Additional paid-in capital	7,553,368	7,343,924	7,502,256	7,277,478
Accumulated deficit	(326,958,435)	(243,336,334)	(305,486,361)	(221,812,279)
Total stockholders' deficit	(319,404,726)	(235,992,046)	(297,983,754)	(214,534,439)
Total liabilities, convertible preferred stock and stockholders' deficit	\$ 55,035,572	\$ 32,227,413	\$ 40,135,972	\$ 54,054,163

7.4 Consolidated statements of cash flow

The table below sets out SWI's audited consolidated statements of cash flow for the financial years ended 31 December 2020 and 31 December 2019, and unaudited statements of cash flow for the three-month periods ended 31 March 2021 and 31 March 2020.

Smart Wires Inc.

Consolidated Statements of Cash Flows

Figures in USD

	Three-Month Ended March 31,		Years Ended December 31,	
	2021 Unaudited	2020 Unaudited	2020 Audited	2019 Audited
Cash Flows from Operating Activities				
Net loss	\$ (16,079,116)	\$ (16,828,056)	\$ (63,110,847)	\$ (74,541,892)
Adjustments to reconcile net loss to net cash used in operating activities:				
Inventory reserve	-	(71,923)	-	(71,923)
Depreciation and amortization	441,213	704,620	2,121,103	906,618
Loss on sale of property and equipment	-	-	-	120,266
Non-cash interest expense	2,331,388	-	1,302,656	34,655,498
Gain on writeoff of accrued interest	-	-	(205,966)	-
Revaluation of derivative liability	-	-	1,115	-
Revaluation of preferred stock warrant liability	-	-	-	(3,983,667)
Stock-based compensation	49,999	50,547	203,382	84,586
Restricted stock unit liability	-	-	10,134	13,225
Changes in operating assets and liabilities:				
Accounts receivable	(242,855)	7,407,942	6,292,318	(7,977,971)
Inventory	(272,685)	(1,946,663)	(11,184,841)	(5,800,933)
Prepaid expenses and other current assets	(512,169)	(337,636)	(720,458)	23,431
Accounts payable	(1,396,670)	1,787,423	708,582	1,433,329
Accrued expenses and other liabilities	3,590,580	(239,254)	(2,188,554)	1,566,194
Deferred revenue and customer deposits	(9,240,415)	(3,008,309)	311,774	8,526,439
Royalty Payable	-	-	(9,448)	(9,448)
Net cash used in operating activities	(21,330,731)	(12,481,309)	(66,469,050)	(45,056,248)
Cash Flows from Investing Activities				
Purchase of property and equipment	-	(890,961)	(2,197,435)	(3,597,080)
Proceeds from the sale of property and equipment	-	-	-	81,709
Change in deposits	294	930	(17,378)	165,959
Net cash used in investing activities	294	(890,031)	(2,214,813)	(3,349,412)
Cash Flows from Financing Activities				
Repayment of debt	(312,500)	(3,605,000)	(9,180,000)	-
Proceeds from long-term debt	25,000,000	-	25,000,000	4,950,000
Capitalized debt issuance cost	(1,038,683)	-	(1,514,875)	-
Proceeds from the issuance of convertible notes payable	4,625,500	-	9,000,000	36,000,000
Proceeds from the issuance of convertible preferred stock, net	7,837,861	-	25,732,470	31,876,696
Payment for financing costs	(231,530)	-	-	-
Proceeds from issuance of common stock	12,832	15,900	37,287	241,673
Repurchase of early exercised options to purchase shares of common stock	(11,729)	-	(15,902)	-
Net cash provided by financing activities	35,881,751	(3,589,100)	49,058,980	73,068,369
Net Increase (Decrease) in Cash and Cash Equivalents	14,551,314	(16,960,440)	(19,624,883)	24,662,709
Cash and Cash Equivalents, beginning of year	9,641,093	29,265,976	29,265,976	4,603,267
Cash and Cash Equivalents, end of period	\$24,192,407	\$12,305,536	\$ 9,641,093	\$29,265,976
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	\$ 854,219	\$ 148,393	\$ 1,850,758	\$ 406,999
Cash paid for income taxes	-	-	1,894	6,717
Supplemental Disclosure of Non-Cash Financing Activities				
Cancellation and re-issuance of convertible preferred stock in connection with the recapitalization	-	-	-	252,220,374
Issuance of convertible preferred stock in exchange for convertible notes payable and accrued interest	13,759,392	-	2,500,000	41,880,559
Accrual of convertible preferred stock equity issuance costs	-	1,000,000	-	1,000,000
Accretion of convertible preferred stock cumulative dividends	5,192,609	4,695,998	20,563,235	12,520,196
Recognition of embedded derivative	-	-	734,785	2,248,080
Extinguishment in derivative liability in connection with conversion of convertible notes payable	-	-	(625,000)	(1,624,195)
Issuance of convertible preferred stock in connection with conversion of restricted stock units	55,081	-	81,741	-
Issuance of common stock in exchange for services	-	-	1,191	-

7.5 Consolidated statements of convertible preferred stock and stockholders' deficit

The table below sets out SWI's audited consolidated statements of convertible preferred stock and stockholders' deficit for the financial years ended 31 December 2019 and 2020 and the unaudited consolidated statement of convertible preferred stock and stockholders' deficit for the three-month period ended 31 March 2021.

Smart Wires Inc.
Consolidated Statements of Convertible Preferred Stock and Stockholders' Deficit
Years Ended December 31, 2020 and 2019 (audited) and Three-Month Period Ended 31 March 2021 (unaudited)
Figures in USD

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Audited							
Balances at December 31, 2018	174,519,655	\$ 186,884,494	13,180,487	\$ 131	\$ 6,942,652	\$ (197,530,944)	\$ (190,588,161)
Issuance of Series D-1 convertible preferred stock at \$0.918 per share in exchange for convertible notes payable and accrued interest, net of issuance costs	69,209,108	53,533,962	-	-	-	-	-
Accretion of convertible preferred stock cumulative dividends in connection with Series A-1, A-2, A-3, B, B-2, C and D-1	-	11,801,918	-	-	-	(11,801,918)	(11,801,918)
Cancellation of Series A-1, A-2, A-3, B, B-2, C and D-1 convertible preferred stock and accreted cumulative dividends in connection with the recapitalization	(243,728,763)	(252,220,374)	-	-	-	-	-
Issuance of Series I-1 convertible preferred stock at \$0.6165 per share in exchange for cancelled redeemable convertible preferred stock and cumulative dividends	307,282,435	189,439,621	-	-	-	62,780,753	62,780,753
Issuance of Series I-1 and Series I-2 convertible preferred stock at \$0.6165 per share in exchange for cash and convertible notes payable and accrued interest, net of issuance costs	144,823,916	42,518,668	-	-	-	-	-
Accretion of convertible preferred stock cumulative dividends in connection with Series I-1	-	718,278	-	-	-	(718,278)	(718,278)
Issuance of common stock in exchange for services	-	-	2,597,050	26	25,945	-	25,971
Issuance of common stock upon exercise of stock options	-	-	20,476,182	205	241,442	-	241,647
Stock-based compensation	-	-	-	-	67,439	-	67,439
Net loss	-	-	-	-	-	(74,541,892)	(74,541,892)
Balances at December 31, 2019	452,106,351	\$ 232,676,567	36,253,719	\$ 362	\$ 7,277,478	\$ (221,812,279)	\$ (214,534,439)
Audited							
Balances at December 31, 2019	452,106,351	\$ 232,676,567	36,253,719	\$ 362	\$ 7,277,478	\$ (221,812,279)	\$ (214,534,439)
Issuance of Series I-1 and Series I-2 convertible preferred stock at \$0.6165 per share in exchange for convertible notes payable and beneficial conversion feature	10,137,874	3,125,000	-	-	-	-	-
Issuance of Series I-1 and Series I-2 convertible preferred stock at \$0.6165 per share in exchange for cash, net of issuance costs	84,033,516	25,732,470	-	-	-	-	-
Issuance of convertible preferred stock in connection with conversion of restricted stock units	122,418	81,741	-	-	-	-	-
Accretion of convertible preferred stock cumulative dividends	-	20,563,235	-	-	-	(20,563,235)	(20,563,235)
Issuance of common stock in exchange for services	-	-	119,009	1	1,190	-	1,191
Issuance of common stock upon exercise of stock options	-	-	452,305	4	37,282	-	37,286
Repurchase of early exercised stock options	-	-	(1,590,105)	(16)	(15,886)	-	(15,902)
Stock-based compensation	-	-	-	-	202,192	-	202,192
Net loss	-	-	-	-	-	(63,110,847)	(63,110,847)
Balances at December 31, 2020	546,400,159	\$ 282,179,013	35,234,928	\$ 351	\$ 7,502,256	\$ (305,486,361)	\$ (297,983,754)
Unaudited							
Balances at December 31, 2020	546,400,159	\$ 282,179,013	35,234,928	\$ 351	\$ 7,502,256	\$ (305,486,361)	\$ (297,983,754)
Issuance of Series I-1 and Series I-2 convertible preferred stock at \$0.6165 per share in exchange for convertible notes payable and beneficial conversion feature	44,637,106	13,759,392	-	-	-	-	-
Issuance of Series I-1 and Series I-2 convertible preferred stock at \$0.6165 per share in exchange for cash, net of issuance costs	25,674,892	7,837,861	-	-	-	-	-
Issuance of convertible preferred stock in connection with conversion of restricted stock units	82,492	55,081	-	-	-	-	-
Financing costs incurred in connection with proposed public offering	-	(231,530)	-	-	-	-	-
Accretion of convertible preferred stock cumulative dividends	-	5,192,609	-	-	-	(5,192,609)	(5,192,609)
Issuance of common stock in exchange for services	-	-	-	-	-	-	-
Issuance of common stock upon exercise of stock options	-	-	154,478	2	12,831	-	12,832
Repurchase of early exercised stock options	-	-	(1,172,917)	(12)	(11,717)	-	(11,729)
Stock-based compensation and other	-	-	-	-	49,999	(200,349)	(150,350)
Net loss	-	-	-	-	-	(16,079,116)	(16,079,116)
Balances at March 31, 2021	616,794,649	\$ 308,792,426	34,216,489	\$ 341	\$ 7,553,368	\$ (326,958,435)	\$ (319,404,726)

8 COMMENTS TO THE FINANCIAL DEVELOPMENT

8.1 The three-month period ended 31 March 2021 ("Q1-21") compared to three-month period ended 31 March 2020 ("Q1-20")

8.1.1 Profit

8.1.1.1 Product Revenue

Product revenue increased by USD 8.2 million, corresponding to 465 percent, from USD 1.8 million in Q1-20 to USD 10.0 million in Q1-21. The increase was mainly due to increased deliveries of our SmartValve power flow control devices.

8.1.1.2 Construction Revenue

Construction revenue increased by USD 2.2 million, from USD 0 in Q1-20 to USD 2.2 million in Q1-21. The increase was mainly due to construction responsibilities in support of Q1-21 SmartValve installations to a key customer in the England.

8.1.1.3 Product Cost

The product cost for resale increased by USD 4.7 million, corresponding to 282 percent, from USD 1.7 million in Q1-20 to USD 6.4 million in Q1-21. The increase was mainly due to higher finished goods deliveries, project delivery support costs and non-recurring logistics costs in support of Q1-21 SmartValve installations to a key customer in the England.

8.1.1.4 Construction Cost

Construction costs increased by USD 1.8 million, from USD 0 in Q1-20 to USD 1.8 million in Q1-21. The increase was mainly due to the completion of the Group's construction activities in support of Q1-21 SmartValve installations to a key customer in the England.

8.1.1.5 Other costs of revenue and manufacturing costs

Other cost of revenue and manufacturing costs decreased by USD 1.8 million, corresponding to 33 percent, from USD 5.4 million in Q1-20 to USD 3.6 million in Q1-21. The decrease was mainly due to lower new product introduction costs in Q1-21.

8.1.1.6 Research and Development

Research and development expenses decreased by USD 0.2 million, corresponding to (3) percent, from USD 5.7 million in Q1-20 to USD 5.5 million in Q1-21. The results are generally consistent and the Group continues to progress its development activities for its integrated SmartValve.

8.1.1.7 Sales, Marketing and Customer Support

Sales, marketing and customer support expenses increased by USD 0.8 million, corresponding to 22 percent, from USD 3.5 million in Q1-20 to USD 4.3 million in Q1-21. The increase was mainly due to commercial expansion in multiple countries and increased solutioning and analytic capabilities.

8.1.1.8 General and Administrative expenses

General and administrative expenses increased by USD 1.6 million, corresponding to 80 percent, from USD 2.0 million in Q1-20 to USD 3.6 million in Q1-21. The increase in Q1-21 was mainly due to growth in personnel costs including one-time compensation costs related to an executive termination and general operational costs incurred to support growth needs.

8.1.1.9 Interest Expense, net

Net interest expense increased by USD 1.3 million, corresponding to 955 percent, from USD 0.1 million in Q1-20 to USD 1.4 million in Q1-21. The increase was mainly due to higher interest costs associated with the Group's credit facility signed in mid-2020 and expanded in Q1-21.

8.1.1.10 Other Expense, net

Net other expenses increased by USD 1.4 million, corresponding to 693 percent, from USD 0.2 million in Q1-20 to USD 1.6 million in Q1-21. The increase was mainly due to a non-cash interest expense related to the credit facility expansion.

8.1.1.11 Net Loss

Net loss for the year decreased by USD 0.7 million, or (4) percent, from USD (16.8) million in Q1-20 to USD (16.1) million in Q1-21. The decrease was mainly due to improved gross margin in Q1-21, partially offset by higher operating expenses incurred in the same period.

8.1.2 Cash flow

Cash flow from operating activities decreased by USD 8.8 million, from USD (12.4) million in Q1-20 to USD (21.3) million in Q1-21. The decrease was mainly due to revenue recognition of previously collected cash receipts.

Cash flow from investing activities increased by USD 0.9 million, from USD (0.9) million in Q1-20 to USD 0 million in Q1-21. The increase was mainly due to fewer capital expenditures purchased driven by timing.

Cash flow from financing activities increased by USD 39.5 million, from USD (3.6) million in Q1-20 to USD 35.9 million in Q1-21. The increase was mainly due to additional debt and equity financing receipts in Q1-21 as compared to the payment of USD 3.6 million for an outstanding debt in Q1-20.

8.1.3 Liquidity and financial position

As at 31 March 2020, the Smart Wires' equity net of convertible preferred stock amounted to USD 1.4 million, compared to USD (10.6) million as at 31 March 2021. The decrease of USD 12.0 million was mainly due to the operating losses incurred during the one year, offset by the equity issuances during the same period. As at 31 March 2020, cash and cash equivalents amounted to USD 12.3 million, compared to USD 24.2 million at 31 March 2021. The increase of USD 11.9 million was mainly due to operating losses incurred during the one year period, offset by the equity and debt issuances during the same period.

8.2 The financial year 2020 compared to the financial year 2019

8.2.1 Profit

8.2.1.1 Product Revenue

Product revenue decreased by USD 1.6 million, corresponding to (19.2) percent, from USD 8.1 million in 2019 to USD 6.5 million in 2020. The decrease in 2020 relative to 2019 was mainly due to timing of new product introduction and covid-related delays. In 2020, the Group delivered its first commercial installations of the integrated SmartValve power flow control devices.

8.2.1.2 Construction Revenue

Construction revenue increased by USD 8.9 million from USD 0 million in 2019 to USD 8.9 million in 2020. The increase is due to the first commercial installations of the integrated SmartValve products and the Group completed a significant amount of its construction responsibilities in support of its 2020 and 2021 SmartValve installations to a key customer.

8.2.1.3 Product Cost

The product cost increased by USD 0.2 million, corresponding to 3.4 percent, from USD 4.5 million in 2019 to USD 4.7 million in 2020. The increase was mainly due to the increased projected delivery support costs and non-recurring logistics costs associated with the first installation of the integrated SmartValve products.

8.2.1.4 Construction Cost

Construction costs increased by USD 7.1 million from USD 0 million in 2019 to USD 7.1 million in 2020. The increase is due to the first commercial installations of the integrated SmartValve and the Group completed a significant amount of its construction responsibilities in support of its 2020 and 2021 Smartvalve installations to a key customer.

8.2.1.5 Other cost of revenue and manufacturing costs

Other cost of revenue and manufacturing costs increased by USD 12.6 million, corresponding to 223 percent, from USD 5.6 million in 2019 to USD 18.2 million in 2020. The increase was mainly due to costs incurred to establish SmartValve production at its contract manufacturing location.

8.2.1.6 Research and Development

Research and development expenses increased by USD 1.4 million, corresponding to 6 percent, from USD 23.1 million in 2019 to USD 24.5 million in 2020. The increase was mainly due to costs incurred to complete the design of the SmartValve products, as well as costs incurred to optimize the cost structure for the future versions of the SmartValve.

8.2.1.7 Sales, Marketing and Customer Support

Sales, marketing and customer support expenses increased by USD 0.7 million, corresponding to 7 percent, from USD 10.7 million in 2019 to USD 11.4 million in 2020. The increase was mainly due to commercial expansion in multiple countries and increased solutioning and analytic capabilities.

8.2.1.8 General and Administrative expenses

General and administrative expenses increased by USD 2.0 million, corresponding to 27 percent, from USD 7.5 million in 2019 to USD 9.5 million in 2020. The increase was mainly due to costs incurred for corporate overhead and legal and professional services related to growth, and higher depreciation expense.

8.2.1.9 Preferred Stock Warrant Liability Revaluation Gain (Loss)

Preferred stock warrant liability revaluation gain (loss) decreased by USD 4.0 million from USD 4.0 million in 2019 to USD 0 million in 2020. The decrease was mainly due to the cancelation of the preferred stock warrants by their holders as a result of the Group's 2019 financing activity.

8.2.1.10 Interest Expenses, net

Net interest expenses decreased by USD 32.0 million, corresponding to 91 percent, from USD 35.0 million in 2019 to USD 3.0 million in 2020. The decrease was mainly due to the conversion to preferred stock of the outstanding convertible notes as part of the Group's 2019 financing activity. USD 34.6 million of the USD 35.0 million in 2019 were non-cash interest expenses.

8.2.1.11 Other Expenses, net

Net other expenses decrease by USD 0.04 million, from USD 0.04 million in 2019 to USD 0 million in 2020. The decrease was mainly due to the loss on the sale of equipment.

8.2.1.12 Net Loss

Net loss for the year decreased by USD 11.4 million, or 15 percent, from USD (74.5) million in 2019 to USD (63.1) million in 2020. The decrease was mainly due to the decrease in interest expense associated with the conversion of its convertible notes, primarily offset by the increase in costs incurred to establish to establish production at its contract manufacturer.

8.2.2 Cash flow

Cash flow from operating activities decreased by USD 21.4 million, from USD (45.0) million in 2019 to USD (66.4) million in 2020. The decrease was mainly due to both the procurement activities to support the 2020 and 2021 SmartValve installations and the cash-based net loss for the Group. SWI's net loss was lower in 2020 than in 2019, however 2019 included significant non-cash interest expense of USD 34.6 million.

Cash flow from investing activities decreased by USD 1.1 million, from USD 3.3 million in 2019 to USD 2.2 million in 2020. The decrease was mainly due to a reduction in capital equipment purchases in 2020 as compared to prior year.

Cash flow from financing activities decreased by USD 24 million, from USD 73.0 million in 2019 to USD 49.0 million in 2020. The decrease was mainly due to decreased financing activity in 2020 as compared to prior year.

8.2.3 Liquidity and financial position

As at 31 December 2019, the SWI's equity net of convertible preferred stock amounted to USD 18.1 million, compared to USD (15.8) million as at 31 December 2020. The decrease of USD 34.0 million was mainly due to the funding of 2020 financial results from a new debt facility versus the issuance of equity instruments. As at 31 December 2019, cash and cash equivalents amounted to USD 29.3 million, compared to USD 9.6 million at 31 December 2020. The decrease of USD 19.6 million was mainly due to continued materials procurement in support of its commercial projects as well as the operating loss incurred during 2020.

8.2.4 Investments

SWI's standard investments relate to fixed assets required to support its manufacturing activities, including sophisticated testing equipment required to release its commercial product.

The table below shows SWI's main investments during the financial years ended 31 December 2020 and 2019.

USD MILLION	Year ended 31 December 2020	Year ended 31 December 2019
Purchase of property and equipment	2.2	3.6
Proceeds from the sale of property and equipment	0	0.1
Change in deposits	0.1	0.2
Total investments	2.3	3.3

Other than continuous investments in R&D and funding for normal operational and growth needs, the Group currently does not plan for material capital investments in the future.

8.3 Significant events after 31 March 2021

As of 1 May 2021, the Group has evaluated any material subsequent events after 31 March 2021 for disclosure and concluded there are no material events that had occurred after 31 March 2021, except for the following:

- The Reorganisation (as described in Section 13.1.1.3 "*The Reorganisation*")
- The Share Capital Restructuring (as described in Section 12.3 "*Share Capital Restructuring*")
- The Private Placement (as described in Section 12.9 "*Private Placement*")

9 CAPITALISATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section describe the Company's capitalisation and indebtedness. The presented debts included in the tables below are interest-bearing. Refer to the Section 12 "The SDRs and Company Shares" for further information about the Company's authorised and issued Shares. The information presented in this Section should be read together with the Section 8 "Comments to the financial development" and Section 7 "Selected financial information".

9.1 Capitalisation

AMOUNT IN USD MILLION	31 March 2021
Current debt	
Guarantee	0
Secured	2.5
Unguaranteed/ Unsecured	16.8
Total current debt	19.3
Non-current debt	
Guarantee	0
Secured	46.3
Unguaranteed/ Unsecured	0
Total non-current debt	46.3
Shareholder's equity	
Share capital	308.8 ⁷
Additional paid in capital	7.6
Retained earnings (including profit for the year)	(326.9)
Total Equity	(10.6)
Total capitalisation (including profit for the year)	55.0

9.2 Net indebtedness

AMOUNT IN USD MILLION	31 March 2021
A – Cash	24.1
B – Cash equivalents	0
C – Trading securities	0
D – Liquidity (A+B+C)	24.1
E – Current financial receivable	2.7
F – Current bank debt	2.5

⁷ The USD 308.2 million refers to SWI's current operations in the US and the amount of preferred stock.

G – Current portion of non-current debt	16.8
H – Other current financial debt	0
I – Current financial debt (F+G+H)	19.3
J – Net current financial indebtedness (I-E-D)	(7.5)
K – Non-current bank loans	46.3
L – Bond issued	0
M – Other non-current loans	0
N – Non-current financial indebtedness (K+L+M)	46.3
O – Net financial indebtedness (J+N)	38.8

9.3 Working Capital

As at the date of this Company Description, taking into account the capital raised in the Private Placement, the Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements for at least the next 12 months.

9.4 Financial targets

The Company has adopted the following mid-term financial targets:

- Approx. USD 700 million in revenue
- 50% gross margin
- 20% EBITDA margin

9.5 Dividend policy

The Company is not expecting to pay any dividends in the near-term. According to the Articles of Association of the Company, no distribution shall be declared or authorised without the prior written consent of the Custodian, such consent to include confirmation that arrangements have been agreed between the Custodian and the Company for making any distribution authorised in respect of the Shares held by the Custodian to the holders of the SDRs, see further Section 12.1 "*The Shares and SDRs*". There can be no assurance that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the policy in place at such time.

10 BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITOR

10.1 Introduction

Under the BC Act and the Articles of Association, the business and affairs of the Company are managed by the Board of Directors and they may exercise all such powers of the Company necessary for managing, directing and supervising the business and affairs of the Company, unless such powers are required to be exercised by the members of the Company pursuant to the BC Act or by the Memorandum of Association or the Articles of Association. The exception provided by section 175 of the BC Act in relation to any sale, transfer, lease, exchange or other disposition of the assets of the company does not apply to the Company.

10.2 Board of Directors

The Company's Articles of Association provide that the Board of Directors shall consist of a minimum of two directors (to consist of at least one non-executive director and one executive director), and a maximum of seven directors (unless otherwise determined by the members by a Resolution of Members). Please find details regarding the Company's members of the Board of Directors, as at the date of this Company Description, in Table 2 below:

Table 2 – Independence of the Board members								
Name of member of the Board of Directors	Board position	Committees (nomination, remuneration, audit committees etc.)	Served since*	Shares /SDRs	Options and/or warrants to subscribe for Shares	Independent in relation to the Company?	Independent of Management and material business associates? (yes/no)	Independent of major shareholder? (yes/no)
Thomas R. Voss	Executive Director, Chair	Remuneration committee	Nov 2014	-	271,875	Yes	Yes	Yes
Anthony L. Arnerich	Non-Executive Director	Nomination committee	Sep 2011	-	No	No	Yes	No
Christopher Bass	Non-Executive Director	-	Jan 2016	-	No	No	Yes	No
Jay W. Schmelter	Non-Executive Director	Audit committee	Sep 2011	-	No	No	Yes	No
Mark J. Lewis	Non-Executive Director	Audit committee	Dec 2019	-	No	No	Yes	No
Nicholas T. Walrod	Non-Executive Director	Remuneration committee	May 2018	-	No	No	Yes	No
Steven Specker	Non-Executive Director	Remuneration committee	Dec 2019	-	No	No	Yes	No

* Commencement of service as director in SWI.

The following sets out a brief introduction to each of the Board members:

Thomas R. Voss – Executive Director, Chair

Thomas R. Voss was elected to the position of Chairman of Smart Wires in 2014 after retiring as Chairman, President and CEO of Ameren Corporation, a Fortune 500 company, on July 1, 2014 – positions he held since May 2009. Voss also serves on PREPA's Transformation Advisory Council (TAC). TAC was formed to provide guidance to PREPA's governing board and management team on the development of a long-term vision and transformation execution plan for the power system in Puerto Rico. Voss served as executive vice president and Chief Operating Officer of Ameren from 2004 to 2009. In December 2006, he was elected to the additional position of president and CEO of AmerenUE, Ameren's Missouri operations.

Prior to this appointment, he held the title of senior vice president, Generation, and president, Ameren Energy and Ameren Energy Resources. In this position, he was responsible for generation, fuels and services and related trading and marketing operations.

Previously, he served as senior vice president for Energy Delivery/Customer Services. In this position, Voss was responsible for the design, construction, operation and maintenance of all gas and electric delivery systems and also for all customer care activities for Ameren's operating utility companies.

Voss serves on several St. Louis area civic and arts organisations, including, Grand Center (Chairman), the Chamber Music Society of St. Louis (Chairman), the MUNY, stl250 (Chairman), MS&T Advisory Trustee Board (Vice-Chairman), and Grand Center.

Mr. Voss has a bachelor's degree in electrical engineering from the University of Missouri-Rolla, now Missouri University of Science & Technology (MS&T). Voss was also awarded an honorary Doctor of Engineering from MS&T.

Anthony L. Arnerich – Non-Executive Director

Mr. Arnerich's experience in the investment industry spans more than 30 years, during which he served as an investment executive and helped found the Investment Management Consulting Group of Dain Bosworth. In prior years, he owned and managed businesses in the Pacific Northwest.

He founded Arnerich Massena in 1991 to provide independent, unbiased investment advice with a focus on quality research, innovation, and client service. Arnerich Massena is a Portland-based independent, employee-owned investment advisory firm servicing endowments, foundations, private clients, charitable organisations, trusts and estates, and corporate retirement and profit sharing plans. As Chief Executive Officer for more than 25 years, Tony has directed the development of the firm, managing strategic growth and firm direction. Under Tony's guidance, Arnerich Massena has been a pioneer in the investment industry, bringing innovation to portfolio construction for private clients, foundations, and endowments. The firm has been a frontrunner and early adopter in implementing alternative strategies, capturing global market opportunities, and incorporating sustainable investment themes.

Mr. Arnerich earned a Bachelor of Arts from Santa Clara University. He is also a former FINRA Series 7, 63, and 24 license holder.

Christopher Bass – Non-Executive Director

Christopher Bass has been a U.S. based private investor for more than two decades across asset classes including public and private equities, credit and venture capital.

Jay W. Schmelter – Non-Executive Director

Mr. Schmelter is a managing director and co-founder of RiverVest, a leading venture capital firm building life science companies to address significant unmet needs of patients and deliver top-quartile returns to investors. His focus is investing in the medical device sector. Drawing on his combination of operating, investment banking and venture capital experience, Jay works closely with entrepreneurs as a sounding board and mentor. Before co-founding RiverVest, Jay was with Crescendo Ventures, a global venture capital fund, where he led investments for the firm's life science division. At Crescendo, Jay was involved with several portfolio companies and founded Salient Surgical Technologies, Inc. Prior to his transition to venture capital, Jay worked as a medical device research analyst at Piper Jaffray & Co., where he focused on cardiovascular-related medical device stocks. He was also a marketing executive for Medtronic, Inc., where he was responsible for two successful product launches and the marketing activities of two of Medtronic's U.S. cardiac surgery-related businesses. Jay is a director of Smart Wires Technology Ltd, InterVene, Inc., Cardialen, Inc., Wugen, Inc. and a board observer at Standard Bariatrics.

Jay received his M.B.A. from the University of Chicago and his B.A. in accounting from Michigan State University.

Mark J. Lewis – Non-Executive Director

Mark Lewis is a Managing Director with Lime Rock New Energy, with responsibility for investment sourcing, execution, and overall fund management. Mark joined Lime Rock New Energy in 2018 and brings a career in clean and renewable energy portfolio company management and operations, new energy investing, and strategic energy technology acquisitions. Most recently, he served as the President and Chief Business Officer of TAE Technologies, Inc., the world's largest and most advanced fusion energy technology development company. Prior to joining TAE Mark served as CEO of ONEnergy, Inc., a diversified energy services company involved in energy retailing, commercial and industrial energy efficiency and distributed solar projects. Before this, Mark was a Managing Director and Co-Chair of the Investment Committee at MissionPoint Capital Partners, an environmentally-driven venture capital firm focused on financing the transition to a lower carbon economy. He previously had served with General Electric in Europe and the US, including three years as General Manager, Global Business Development at GE Energy where he led a team of thirty-five professionals. Mark was involved in over USD 15 billion of transactions during his career at GE. Mark started his career in energy investment

banking at Credit Suisse in New York and London. Mark previously served on the boards of directors of Trilliant Networks, UpWind Solutions, ONEnergy, and OZZ Clean Energy.

Mark is a graduate of Western University (B.A.) and the Kellogg School of Management at Northwestern University (M.B.A.).

Nicholas T. Walrod – Non-Executive Director

Nicholas Walrod is a Managing Director and co-founder of 3x5 Partners, a growth equity venture capital firm in Portland, OR. The firm makes investments in the Life Sciences and Climate Solutions (water, agriculture, energy and natural resource) sectors. He brings 20 years of experience as an investor, board member, and strategic partner to the service of ground-breaking companies in the resource and medical technologies fields. As a General Partner of three Funds and many special purpose vehicles, Nick serves on the board of directors of Fishpeople Seafood, Smart Wires, Rubicon Global, Good Therapeutics, Fervo Energy, and SOURCE Global. Previously, Nick sourced and managed hedge fund and private equity relationships at Arnerich Massena.

Mr. Walrod holds an A.B. in public policy studies from Duke University. He also owns Dancing Moon Farm, an organic vegetable and flower farm in Hood River, OR.

Steven Specker – Non-Executive Director

Dr. Steven R. Specker is a member of the Lime Rock New Energy Advisory Board. He is a utility and power industry executive who combines deep technical, business, and in-depth electricity enterprise expertise. Currently Dr. Specker serves as the lead independent Director of Southern Company, a large U.S. electric and gas utility. He was previously the CEO of TAE Technologies, Inc., the world’s largest privately-funded fusion energy development company. From 2004 to 2010 Dr. Specker served as the CEO and President of the Electric Power Research Institute, a leading global electric industry-funded research organisation. In 2003, Dr. Specker retired from General Electric after a 30-year career during which he held various executive management positions in businesses providing products and services for the generation, transmission, and distribution of electric power. From 1992 to 2000, he served as the President of GE Nuclear Energy where he was responsible for all GE activities in the global commercial nuclear power industry. In 2000, he was appointed President of GE Digital Energy where he was responsible for the formation and startup of a new business venture serving the growing needs of the digital economy for highly reliable electricity. He served as the Vice President of Global Marketing for GE Energy from 2001 to 2003. Earlier in his GE career, he served as the General Manager of GE’s electric meter, protective relay, and electrical engineering services businesses.

Dr. Specker began his career as a nuclear engineer for the Tennessee Valley Authority. He was previously a director of both TAE Technologies and Trilliant Networks and served as a member of the Sustainable Energy Advisory Board of Energy Future Holdings.

He is a graduate of Iowa State University (B.S. in engineering science and M.S. and Ph.D. in nuclear engineering).

Other information

The Company has also appointed two observers to the Board of Directors. The current observers to the Board of Director are Oliver Philips and Scott Krase.

10.3 Executive Management

The Executive Management of the Company currently consists of 7 individuals. Please find details regarding the Company's Management, as at the date of this Company Description, in Table 3 below.

Table 3 – Overview of the Executive Management				
Name	Position	Employed since ⁽¹⁾	Shares/SDRs	Options/warrants to subscribe for number of Shares
Peter G. Wells	Chief Executive Officer ("CEO")	January 2021	-	28,522,683
Evan Geisert	Chief Financial Officer ("CFO")	August 2019	39,583	2,860,417
Michael P. Walsh	Chief Commercial Officer ("CCO")	January 2016	1,965,353	2,550,276
Marie Hayden	Chief Engineer	April 2018	82,500	2,317,500
Haroon Inam	Chief Technology Officer ("CTO")	November 2014	3,319,695	7,969,378
Alexandra R. Pressman	General Counsel	December 2016	1,614,218	1,772,504

Table 3 – Overview of the Executive Management

Name	Position	Employed since ⁽¹⁾	Shares/SDRs	Options/warrants to subscribe for number of Shares
John L. Parks	Senior Vice President – Project Delivery and Mobile Solutions	April 2018	900,000	1,357,815
Frank Kreikebaum	Senior Vice President – Products and Solutions	April 2013	1,753,674	2,799,468
Shannon Ross	Chief People Officer	April 2021	-	1,750,000
Brian Martin	Senior Vice President – Safety	June 2021	-	1,250,000

(1) Refers to start-date of first employment within the Group. An employment agreement has been entered into with Brian Martin, but his employment has not commenced as of the date of the Company Description.

The Group's headquarters at 3292 Whipple Road, Union City, CA 94587, USA, serves as business address for the members of the Executive Management in relation to their positions in the Company.

The following sets out a brief introduction to each of the members of the Company's Management:

Peter G. Wells – CEO

Peter Wells is an accomplished power industry executive, bringing over three decades of global leadership experience in renewable energy products and services and manufacturing.

Peter joins Smart Wires from GE Renewable Energy, where he served as Chief Executive Officer of Onshore Wind for the Europe and Sub Saharan Africa (SSA) Region for two years. During his tenure, GE went from sixth to third in the market, doubling its volume and market reach.

Peter had previously held the role of Senior Vice President and COO for Services and Projects with Vestas Americas. In this role, he was responsible for all Projects & Services operations in the US and Canada and led the integration of UpWind Solutions into the broader service organisation, improving top-line growth and margins, establishing the Vestas repowering model for the US, and introducing new operating models with digital tools. Prior to Vestas, Peter had spent five years with UpWind, where he was CEO, growing the business 10X to create the leading Independent Service Provider in the US, before successfully selling the business to Vestas in 2015.

Before joining UpWind, Peter spent ten years with GE in various roles, including Six Sigma, Marketing, Parts GM, and VP New Plant Project Operations in different GE Energy business units.

Peter, who is originally from the UK, previously spent time at a variety of European companies, mostly in the EPC space as a Chartered Surveyor, dealing with the commercial management of large and complex infrastructure projects.

Peter has a Bachelors Degree in Science for Quantity Surveying from The Nottingham Trent University and was a certified Associate of the Royal Institute of Chartered Surveyors.

Evan Geisert – CFO

Evan Geisert leads all corporate finance initiatives at Smart Wires, and was appointed as the Group's CFO on 18 November 2020. He has over 15 years of experience in the utility and aerospace sectors, with deep experience and leadership in finance, operations, and strategy.

Prior to joining Smart Wires, Evan worked at PG&E where he served as Director of the Transmission Line department. In this role, Evan oversaw 24/7 operations of PG&E's transmission system. This included managing the business operations, project finances, construction, project management, engineering and administrative functions.

Prior to his role as Director of the Transmission Line department, Evan held key leadership roles across finance, operations, and strategy. This included establishing business operations and operational logistics for a USD 500 million per year maintenance and construction business, designing and leading a lean transformation across a 7,200-person organisation, and managing the financial planning and analysis for a USD 5 billion per year R&D business.

Evan obtained his MBA from University of Chicago, and Bachelor of Arts degree in Finance from California State University, Fullerton.

Michael P. Walsh – CCO

Based in Dublin, Ireland, Michael Walsh is responsible for Smart Wires' global business development and commercial activities.

Prior to joining Smart Wires, Michael was Director of Future Grids at Ireland's Transmission System Operator, EirGrid plc. In this role he was responsible for planning the transmission system on the island of Ireland and bringing new technologies into its grid development strategy. It was in this role that he first became familiar with Smart Wires' innovative solutions. Seeing the potential, he decided to join the Smart Wires team.

During his tenure at EirGrid plc, Michael was a member of ENTSO-E's System Development Committee, which oversees the planning of the European-wide transmission system. He was also a board member of the Northern Ireland System Operator (SONI).

Previously, he was Chief Executive of the Irish Wind Energy Association (IWEA) and a Board member of the European Wind Energy Association (Wind Europe). Other previous roles include Manager of market readiness at ESB National Grid, and Lecturer in Electronic Engineering at University College Dublin, Ireland.

Michael is a Fellow of Engineers Ireland.

He holds a Bachelor of Engineering, MBA and Ph.D. from UCD, has authored many peer reviewed papers, and advised a wide variety of international bodies.

Marie Hayden – Chief Engineer

Since joining Smart Wires in April 2018 Marie has worked with the commercial team initially as VP Business Development for Europe and Australia and more recently as General Manager for the European Commercial team. She has worked with many cross functional teams within Smart Wires including as chair of the MCC towards the end of 2020. She is an electrical engineer obtaining her Bachelor of Engineering and Master of Engineering from University College Dublin as well as a diploma in Project Management from Trinity College Dublin.

Prior to joining Smart Wires, Marie gained extensive experience in all aspects of transmission system operation during a 25-year career at EirGrid plc, the Irish Transmission System Operator. Whilst there she held a number of senior management positions, including Manager of the Scenario Planning, Connection Policy and Operational Planning teams. Marie has a long association with the industry knowledge sharing organisation CIGRE and was awarded the title of Distinguished Member of CIGRE in 2018.

Marie was inspired to choose a career in power systems by her father who has worked in the electricity industry in Ireland and internationally since the mid-1950s and is still actively involved in the industry today.

Haroon Inam – CTO

Haroon Inam is responsible for product roadmaps, R&D, IP and operations including manufacturing, quality and supply chain. He has more than 30 years of experience in technology and product development across diverse verticals, such as utilities, industrials and aerospace. Throughout his career, Haroon has delivered more than 20 major global platforms, including ones for high-reliability and mission-critical applications.

His experience includes developing Internet-connected distributed embedded systems, complex controls, firmware, hardware, mechatronics and Cloud-based tools. Haroon has also led multiple global teams containing hundreds of engineers, product-management associates and manufacturing-engineering professionals.

Prior to joining Smart Wires, he held executive and management positions at companies such as United Technologies and Honeywell, plus several start-ups and smaller firms that had successful exits.

Mr. Inam holds a Bachelor of Science in Electrical Engineering with Honors and Distinction, and a Master of Science in Electrical Engineering, both from Duke University in Durham, NC. He has also attended executive development programs at Harvard Business School and the Darden School of Business at the University of Virginia. As an inventor, he has 13 patents and more than 50 other ideas in development.

Alexandra R. Pressman – *General Counsel*

Alexandra Pressman serves as Smart Wires' General Counsel, leading the Company's legal department. She also has responsibility for risk management and compliance.

Previously, Alexandra was an attorney at Fenwick & West, where she represented high-growth technology and life science companies in venture capital financings, mergers and acquisitions, and public offerings.

Prior to Fenwick, Alexandra served the Obama administration as a Senior Program Manager in the White House Council on Environmental Quality. In this role she led the interagency team that developed federal greenhouse gas accounting and reporting requirements.

Alexandra also worked in the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy. There she managed a multi-million dollar budget for international collaborations on geothermal technology and worked with leaders in government and industry from the US, Iceland, Australia, and Switzerland, to develop and launch the International Partnership on Geothermal Technology. While at the Department of Energy, Alexandra also earned a "Special Service" award for strategic planning and analysis.

Alexandra holds a Bachelor of Arts degree, summa cum laude, from Connecticut College, and a J.D. (Juris Doctor) degree from the University of California, Berkeley, School of Law.

John L. Parks – *Senior Vice President – Project Delivery and Mobile Solutions*

John Parks leads the deployment of Smart Wires' solutions across the world, and is responsible for working with customers to develop implementation strategies that meet their transmission grid needs.

Prior to Smart Wires, John worked for PG&E where he led the Transmission and Distribution Maintenance and Construction organisations. He was responsible for the 24/7 operation of the PG&E transmission and distribution system. John ensured the safe and reliable delivery of electricity across PG&E's vast service territory, serving millions of Californians, and the transmission grid which is interconnected across the western United States.

As the Senior Director for PG&E, John gained extensive leadership skills and experience as he was responsible for leading in excess of 2,000 employees responsible for constructing and maintaining the system. Additionally, John's responsibilities included executing the large portfolio of transmission, distribution and substation projects, amounting to hundreds of millions of dollars annually. This required working with local and federal agencies, contractors, internal and external procurement departments and vendors across the utility industry.

Prior to John's senior leadership positions, his 40 years of experience included working in craft positions as a journeyman lineman, trouble shooter, frontline supervision, T&D technical specialist, and leading PG&E's technical training departments.

Because of his commitment to innovative thinking and significant focus on human wellbeing, John spearheaded many safety advancements at PG&E and across the utility industry. These included the advancement of helicopter work procedures, barehand transmission work methods, protective grounding, wood pole and tower climbing safety, and more.

Frank K. Kreikebaum – *Senior Vice President – Products and Solutions*

Frank Kreikebaum leads the Analytics, Product Management and Solutioning teams.

Together, the Analytics and Solutioning Teams engage collaboratively with customers to identify solutions that leverage Smart Wires' solutions to improve customer outcomes. The Analytics Team also performs power system studies to support customer needs throughout the life-cycle of Smart Wires projects. The Product Management Team oversees the product from ideation to end-of-life. This includes assessing gaps in existing market offerings, developing business cases and defining requirements.

Prior to joining Smart Wires, Frank supported the early development of Smart Wires' technology at Georgia Tech. He pursued a doctorate in Electrical Engineering under the direction of the inventor of Smart Wires' original technologies, Dr. Deepak Divan. At Georgia Tech, he developed transmission planning tools to model power flow controllers and used these models to evaluate the techno-economic benefits of power flow control. Frank has also held engineering and project management positions at a number of companies in the electric power sector.

In addition to his Ph.D., Frank earned a Master of Science in Economics from Georgia Tech, a Bachelor of Science in Electrical Engineering from Santa Clara University, and a Bachelor of Arts in Philosophy also from Santa Clara University.

He has published a number of publications and has co-authored two book chapters.

Shannon Ross – Chief People Officer

Shannon Ross has spent the past 12+ years in Human Resources leadership roles, in fast-paced, high growth companies. She has been responsible for the overall company talent and growth strategy and focused on creating programs to enhance culture, and communication as well as drive employee & leadership development.

Prior to joining Smart Wires, Shannon spent nearly 10 years in the Life Sciences industry. She started at GE in their acclaimed HR Leadership program, HRLP, and went on to hold HR leadership roles in their Core Imaging and Life Sciences Divisions. She also worked in the Telecom industry in Sales and Training & Development, spending two years in Singapore on an expat assignment before her transition to Peter Miller as Vice President of Human Resources. She also served as the Global Head of Human Resources at Asensus Surgical, an early-stage medical device company focused on laparoscopic robotic surgery, where she had an integral role in building a people strategy that helped the organization grow over 200 percent in two years.

Shannon is passionate about personal & career development and helping people create rewarding careers. She has a bachelor's degree in Business Management from the University of Dayton and she holds an MBA from the University of South Carolina in International Business.

Brian Martin – Senior Vice President - Safety

Brian Martin started his career as a roustabout in the oil & gas industry, beginning work in the marshes of Louisiana and evolving into a 40-year career in the energy industry. He grew through roles that included compressor operator, offshore oil & gas technician, and offshore production supervisor. Brian then shifted his career focus to health & safety. He began as a field safety advisor and progressed through various safety leadership roles at BP and then BP Wind Energy and Apex Clean Energy.

As a safety leader Martin understands that building a positive, sustainable safety culture is driven by leadership, not just policies and procedures. Having a solid track record of developing and implementing strategies to improve the health & safety performance, risk mitigation and elimination across organizations, while creating an environment where leaders are engaged in safety and employees take accountability for their own safety and the safety of others.

Martin has worked in various sectors of the energy industry including onshore and offshore oil & gas production operation, and wind energy. He has successfully balanced the implementation of safe work procedures with behavior-based and people-based safety processes, human performance, and leadership development to eliminate workplace injuries.

During his long career he has earned certifications in Corporate Safety Management and, Incident Investigations attaining the level of Master Root Cause Specialist.

10.4 Auditor

The independent auditor of SWI's consolidated Audited Financial Statements is Frank, Rimerman + Co. LLP, with registered address at One Embarcadero Center, Suite 2410 San Francisco, California 94111, United States. Frank, Rimerman is a member of the American Institute of Certified Public Accountants (AICPA). Frank, Rimerman has been the SWI's auditor throughout the period covered by financial information included in this Company Description and has audited the 2020 and 2019 financial statements.

Other than mentioned above, Frank, Rimerman + Co. LLP, has not audited any other of the information included in the Company Description.

10.5 Benefits upon termination

Set out below in Table 4 is an overview of members of the Management's benefits upon termination.

Table 4 – Members of the Management's benefits upon employment termination	
Name	Benefits upon termination
Peter Wells (CEO)	12 months' severance pay.
Evan Geisert (CFO)	6 months' severance pay
Michael Walsh (CCO)	6 months' notice period
Marie Hayden (Chief Engineer)	6 months' notice period
Haroon Inam (CTO)	36 months' severance pay until 12 September 2021, and 24 months' severance pay subsequent to this date
Alexandra Pressman (General Counsel)	6 months' severance pay

Table 4 – Members of the Management's benefits upon employment termination

Name	Benefits upon termination
John Parks (Senior Vice President – Project Delivery and Mobile Solutions)	6 months' severance pay
Frank Kreikebaum (Senior Vice President – Project and Solutions)	6 months' severance pay
Shannon Ross (Chief People Officer)	6 months' severance pay
Brian Martin ⁽¹⁾ (Senior Vice President – Safety)	6 months' severance pay

(1) An employment agreement has been entered into with Brian Martin, but his employment has not commenced as of the date of the Company Description.

Other than above, none of the Board members or the members of the Executive Management have service contracts with the Company providing for benefits upon termination of employment.

10.6 Incentive schemes

10.6.1.1 Stock based compensation

The Group generally grants stock options to its employees for a fixed number of shares with an exercise price equal to the fair value of the shares at the date of grant. The Group accounts for employee options using the fair value method and all stock-based compensation is recognised as the underlying options vest. The Company accounts for forfeitures of unvested options as an estimate upon issuance.

10.6.1.2 Restricted stock units (RSUs)

SWI has historically issued restricted stock units ("**RSUs**"), which are classified as liabilities on the consolidated balance sheets because the RSUs can be converted to cash at the option of the holder. RSUs are measured and recognised at fair value and are subject to re-measurement at each balance sheet date. At the end of each reporting period, changes in fair value of the RSU liability during the period are recognised as a revaluation gain or loss in the statements of operations. All issued and outstanding RSUs were converted into shares of convertible preferred stock as of February 2021 and the RSU liability was accordingly reclassified to additional paid-in capital.

10.7 Other information

No member of the Board of Directors or the Management has, or has had, as applicable, during the last five years preceding the date of the Company Description:

- (i) any convictions in relation to fraudulent offences;
- (ii) received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the board, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer; or
- (iii) been associated with any bankruptcy, receivership or liquidation in his or her capacity as member of the board or management of a company.

To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests of any of the members of the Board of Directors and members of the Management. There are no family relationships between the members of the Board of Directors or the Management.

11 CORPORATE GOVERNANCE

As described in Section 12 "*The SDRs and Company Shares*", Shares issued by the Company are represented by SDRs with Pareto Securities AB as custodian (the "**Custodian**"), and the registered shareholder of the Shares, and the terms of the SDRs will grant to the SDR holders the same rights as are attached to the Shares represented by the SDR. The following description of the legal framework of the Company does not necessarily reflect the fact that Shares are held indirectly, via SDRs. Instead, the description focuses on the rules governing the organisation of the Company as well as the shareholders' rights in respect of the Company's affairs.

11.1 Introduction

The Company is incorporated in the BVI under the BC Act. The conduct of the Company is governed not only by the BC Act, but also the Company's Memorandum of Association, Articles of Association and common law. The Company's Shares have been issued in accordance with the BC Act. The Company complies with all corporate governance rules in the BVI.

The Swedish Corporate Governance Code, dated 1 January 2020 does not apply for companies admitted to trading on First North.

11.2 Memorandum of Association

The Memorandum of Association sets out some basic provisions in respect of the Company, such as the Company's name and number of Shares it is authorised to issue, along with the objectives and powers of the Company. The Company's name is Smart Wires Technology Ltd. and the Company is authorised to issue up to 1,500,000,000 Shares, each with a par value of USD 0.01. The objects of the Company are unrestricted and therefore include the carrying on of the business of an investment company, acquiring or selling securities of holding securities by way of investment.

The Company may, by a resolution of the Directors or a resolution of members, amend the Memorandum of Association, save that no amendment may be made by a resolution of the Board of Directors:

- a) to restrict the rights or powers of the members to amend the Memorandum of Association; or
- b) to change the percentage of members required to pass a resolution of members to amend the Memorandum of Association; or
- c) in circumstances where the Memorandum of Association may only be amended by the members; or
- d) Clause 8 or Clause 10 of the Memorandum of Association.

Any amendment to the Memorandum of Association will take effect from the date the notice of amendment, or restated Memorandum of Association and Articles of Association incorporating the amendment, is registered by the BVI Registrar of Corporate Affairs or from such other date as determined pursuant to the BC Act.

11.3 General meetings

A meeting of holders of shares ("**Members**") may be convened by: (a) a Director at such times and in such manner and places, within or outside the BVI, as the Director considers necessary or desirable; or (b) the Directors, upon the written request of Members entitled to exercise 30 percent (or more) of the voting rights in respect of the matter for which the meeting of Members is requested.

The Director convening a meeting of Members shall give not less than 28 days' notice of a meeting of Members to: (a) those members whose names appear on the Register of Members on the date the notice is given and who are entitled to vote at the meeting of members; and (b) the other Directors.

A meeting of members is duly constituted if, at the commencement of the meeting, there are present in person (or by proxy) holders of a majority of the voting rights of the Shares or class or series of Shares entitled to vote on the resolutions to be considered at the meeting.

A resolution put to the vote in a meeting of members shall be decided on a show of hands by the members holding a majority of the voting rights of the Shares or class or series of Shares entitled to vote on the resolution to be considered at the meeting of members. A member may be represented at a meeting of members by a proxy who may speak and vote on behalf of that member.

11.4 Minority rights

Section 176 of the BC Act (ability of the shareholders holding 90 percent. of the votes of the outstanding shares or class of outstanding shares to require the Company to redeem the shares held by the remaining members) which may be disapplied by the memorandum of association of a company, does not apply to the Company.

11.5 The Board of Directors

The Directors are elected by a resolution of Directors and subject to their earlier resignation or removal, the Directors shall serve for a period of three years. Each year at the Company's annual general meeting, one third of the Board shall be required to retire from office, with the directors required to resign from office on the first rotation date being Thomas Voss and Jay Schmelter.

The minimum number of Directors shall be two (to consist of at least one non-executive Director and one executive Director), and the maximum number of Directors shall be seven (unless otherwise determined by the Members by a Resolution of Members).

The Company's Board of Directors is responsible for ensuring satisfactory corporate governance.

11.6 Committees

11.6.1 Nomination committee

The Company has established a separate nomination committee which will be responsible for, *inter alia*, identifying prospective directors and making recommendations on appointments to the Board of Directors and the senior most level of Management, and is comprised of Anthony L. Arnerich as Chairman and Oliver Philips and Michael Bruce as members.

11.6.2 Audit committee

The Company has constituted and appointed an audit committee (i) to review the Group's annual financial statements before submission to the Board of Directors for approval, and (ii) to review reports from Management and the Auditors on accounting and internal control matters (the "**Audit Committee**").

The Audit Committee shall comprise a maximum of three members, each of whom shall be appointed by the Board of Directors in its sole discretion.

The Audit Committee comprises Mark J. Lewis as the Chairman and Jay W. Schmelter and Scott Krase as members.

The quorum necessary for the transaction of any business of the Audit Committee is at least two members, including the chairman of the Audit Committee. The Chairman and the majority of members must be non-executive Directors.

In accordance with the terms of reference of the Audit Committee, the role of the Audit Committee is to support the Board to fulfil its oversight responsibilities in the following areas:

- the preparation and maintenance of integrity of financial reporting;
- the management of risks and the adequacy of internal control systems, including financial, operational, compliance and information technology controls;
- the internal audit function, including the resources, its performance and scope of work;
- the external audit by Independent Auditors, including the qualifications and independence of the Auditors and their remuneration;
- the compliance with legal, regulatory and corporate policy; and
- interested person transactions, if any.

11.6.3 Remuneration committee

The Company has constituted and appointed a remuneration committee to determine from time to time the emoluments of the Group's employees and directors (the "**Remuneration Committee**"). The Remuneration Committee shall comprise a maximum of three members, each of whom shall be appointed by the Board in its sole discretion.

The Remuneration Committee comprises Nicholas T. Walrod as Chairman and Steve Specker and Thomas R. Voss as members.

In accordance with its terms of reference, the Remuneration Committee shall comprise at least two, but not more than three Directors. The Chairman and the majority of the members should be non-executive Directors.

12 THE SDRs AND COMPANY SHARES

This section includes a summary of certain information relating to the Company's Shares and certain shareholder matters, including summaries of certain provisions of applicable law in effect as of the date of this Company Description. The mentioned summaries do not purport to be complete and is qualified in its entirety by the Company's Memorandum of Association, Articles of Association and the laws of the BVI.

12.1 The Shares and SDRs

On the date of the Admission to Trading, the Company will have 68,932,264 Shares in issue, each with a par value of USD 0.01.⁸ The Company's Shares have been created under the laws of the BVI. All the issued Shares are validly issued and fully paid. Under the Company's Memorandum of Association, the Company has only one class of Shares. Each Share carries one vote and all Shares carry equal rights in all respects, including rights to dividends. The Shares are freely transferrable, provided that any transfer of the Shares is made in accordance with the Articles of Association. The Shares are not subject to a mandatory offering, or sell-out obligation. No public takeover offer has been made for the Company's shares during the current financial year.

Issuing SDRs is a method to enable trading in foreign shares in Sweden. All newly issued Shares will be deposited with the Custodian, pursuant to the terms of the custodian agreement entered into between the Company and the Custodian (the "**Custodian Agreement**"), by registering the Custodian as shareholder in the Company's share register. The Custodian, Pareto Securities AB, was registered with the Swedish Companies Registration Office on 10 October, 1980 and has its registered office in Stockholm. The legal form of the Custodian is governed by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*).

According to the Articles of Association of the Company, no distribution shall be declared or authorised without the prior written consent of the Custodian, such consent to include confirmation that arrangements have been agreed between the Custodian and the Company for making any distribution authorised in respect of the Shares held by the Custodian to the holders of the SDRs. To the extent that such consent is given, the General Terms and Conditions for the SDRs provide that an SDR gives its holder the right to receive payment of any dividends declared in respect of any underlying Share (through the Custodian forwarding any payments from the Company to the holders of SDRs).

An SDR holder has the right to one underlying vote at a shareholders' meetings, to be cast by the Custodian at the direction of the SDR holder, for each SDR held. All SDRs carry equal rights to the Company's assets and profit as well as the right to take part of potential surplus in the event of liquidation (by entering the SDR holders as shareholders in the Company's share register).

For the full General Terms and Conditions for the SDRs, see Section 15 – "*General Terms and Conditions for SDRs*".

The transfer of Shares or SDRs is not subject to the consent of the Board of Directors or rights of first refusal. The SDRs to be admitted to trading are thus freely transferrable (certain Shares/SDRs held by the members of the Board of Directors and the Management are however subject to lock-up undertakings, see Section 12.9.3 "*Lock-up*").

On or about 18 May 2021, all of the Company's SDRs are expected to be admitted to trading on First North. The SDRs are affiliated with Euroclear with ISIN SE0015962345 and will be traded under the ticker symbol "GGRID".

The Company does not have any other securities listed on any stock exchange or other regulated market place.

12.2 Share issuance development of the Company

Table 5 below summarises the development in the Company's authorised and issued Shares for the period covered by the financial statements and up to the date of the Company Description, including the issuances of Shares to be carried out in connection with the Reorganisation (as described in Section 13.1.1.3 "*The Reorganisation*") and the Private Placement (as described in Section 12.9 "*Private Placement*") which have been resolved upon on the date of this Company Description but not yet implemented:

Table 5 – Share issuance development

⁸ Following the Reorganisation (as described in Section 13.1.1.3 "*The Reorganisation*"), but before completion of the Private Placement as described in Section 12.9 "*Private Placement*".

Date	Type of change	Authorised shares	Issued Shares	Total Issued Value	Par value /share) (USD)	Total shares
22 February 2021	Incorporation of the Company	200,000,000	-	0	0.01	0
12 March 2021	Increase in the number of shares the Company is authorised to issue	1,500,000,000	-	0	0.01	0
12 March 2021	Issuance of one Share in the Company	1,500,000,000	1	0.01	0.01	1
17 May 2021	Issuance of Shares as part of Reorganisation	1,500,000,000	68,932,263	689,322.64	0.01	68,932,264
17 May 2021	Issuance of Shares in Private Placement ⁽¹⁾	1,500,000,000	34,940,000	1,038,722.64	0.01	103,872,264

(1) Assuming full exercise of the Greenshoe Option.

12.3 Capital Restructuring

12.3.1.1 Introduction

SWI has since its inception financed its operations with equity and debt financing. Financing has been through the issuance of preferred stock (equity) and convertible notes (debts), issued in several rounds as is customary for U.S development-stage companies. The preferred stock and convertible notes in SWI will, prior to the Admission to Trading, be converted to common stock in SWI in a capital restructuring carried out by the Group as part of the Reorganisation (as described in Section 13.1 "Group structure") (the "**Capital Restructuring**").

12.3.1.2 Preferred stock

Preferred stock has been issued by SWI in several rounds, with the various classes of preferred stock converted into series I-1 and series I-2 in 2019. The holders of series I-1 and series I-2 have various rights, preferences and privileges. In 2019, SWI issued additional series 1-2 preferred stock of USD 31.9 million.

The preferred stock will be converted to common stock in SWI prior to the Admission to Trading as part of the Capital Restructuring, and as a consequence neither the Company nor SWI will have any preferred stock issued and outstanding as at the date of the Admission to Trading.

12.3.1.3 Convertible notes

Convertible notes are financial instruments regularly used by development-stage companies, as the notes can provide the investors with an upside and companies with easier access to capital. Convertible notes are structured as loans with the possibility of converting the notes to equity.

In 2019, SWI issued USD 36 million in convertible notes (debt), which later that year were converted to preferred stock in SWI.

The remaining convertible notes have been converted into common stock in SWI prior to the date of this Company Description as part of the Capital Restructuring, and as a consequence neither the Company nor SWI will have any convertible notes outstanding as at the date of the Admission to Trading.

12.4 Options and warrants

There are in aggregate approximately 6.24 million outstanding options and warrants in SWI, of which approximately 5.70 million have been issued in connection with the recruitment of certain key employees to the Group and approximately 0.54 million have been issued to a former lender to the Group (Smart Wires Credit Facility LLC) as described in Section 13.3 "Financing arrangements".⁹

In addition, there are currently around 0.98 million authorized but unissued options that will be used to grant approximately 0.89 million promised but not yet issued options to new and promoted employees and the exercise price of such options is likely to be based on the offering price in the Private Placement.¹⁰

⁹ Following a recalculation of the number of options and warrants based on the reverse share split 10:1 to be implemented on 17 May 2021 in SWI, in order to reflect the number of Shares issued in the Company as merger consideration in connection with the Reorganisation, (as described in Section 13.1.1.3 "The Reorganisation").

¹⁰ Following a recalculation of the number of options and warrants based on the reverse share split 10:1 to be implemented on 17 May 2021 in SWI, in order to reflect the number of Shares issued in the Company as merger consideration in connection with the Reorganisation, (as described in Section 13.1.1.3 "The Reorganisation").

The outstanding options to the Management and employees generally have a four-year vesting schedule with a one-year cliff: 25 percent of the shares vest on the 1st anniversary and the remainder vest monthly in equal portions for the following 36 months. 25 percent of the options held by the Company's CEO will vest upon completion of the Admission to Trading. The options expire on the 10-year anniversary of the grant date.

The options and warrants may be exchanged for Shares in the Company following the Admission to Trading and represent a dilution of 6.50 percent (including the authorized but not yet issued options) of the total number of Shares in the Company following completion of the Private Placement and assuming full exercise of the Greenshoe Option.¹¹

Please refer to Table 6 below for an overview of outstanding and unissued financial instruments in SWI as at the date of this Company Description.

Table 6 – Financial instruments¹²			
Options / warrants	#Total outstanding	Avg. exercise price (USD)	Exercise Proceeds
Outstanding (vested)			
Smart Wires Credit Facility, LLC warrants	544,662	\$0.10	\$54,466.23
Management & Employees – options	1,456,671	\$1.09	\$1,586,516.79
Total (vested)	2,001,333	\$0.82	\$1,640,983.02
Outstanding (unvested)			
Options, T+1 year	1,488,289	\$0.96	\$1,430,319.86
Options, T+2 year	1,262,070	\$0.97	\$1,229,074.15
Options, T+3 year	1,217,575	\$1.00	\$1,212,746.44
Options, T+4 year	275,536	\$1.00	\$275,535.47
Total (unvested)	4,243,470	\$0.98	\$4,147,675.92
Total outstanding options and warrants	6,244,803		
Total authorized, but unissued options	978,337		
Total outstanding and authorized options and warrants	7,223,140		

12.5 Rights of redemption and repurchase of Shares

The Company may, subject to the provisions of the BC Act (including satisfaction of the solvency test pursuant to Section 56 of the BC Act), purchase, redeem or otherwise acquire its own shares (with the consent of the member whose shares are to be purchased, redeemed or otherwise acquired) and may hold such shares as treasury shares or cancel such shares.

Sections 60, 61 and 62 of the BC Act (statutory procedure for a company purchasing, redeeming or acquiring its own shares), which may be disappplied by a company's memorandum of association or articles of association, shall not apply to the Company.

12.6 Additional issuances and preferential rights

Shares and other securities may be issued, and options to acquire Shares may be granted, at such times, to such eligible persons, for such consideration and on such terms as the Board of Directors may determine by a resolution of the Board of Directors.

Section 46 of the BC Act (statutory pre-emptive rights), which may be disappplied by the memorandum of association of a company, does not apply to the Company.

¹¹ Excluding shares in SWI held by Excluded Stockholders, (as described in Section 13.1.1.3 "The Reorganisation").

¹² The table reflects the number of options and warrants, and strike price, respectively, following a recalculation based on the reverse share split 10:1 to be implemented on 17 May 2021 in SWI, in order to reflect the number of Shares issued in the Company as merger consideration in connection with the Reorganisation, (as described in Section 13.1.1.3 "The Reorganisation").

12.7 Authorisations to increase the number of Shares

In connection with the Private Placement, the Company's Board of Directors authorised an increase of the number of shares that the Company is authorised to issue from 200,000,000 to up to 1,500,000,000 Shares, each with a par value of USD 0.01.

12.8 Treasury shares

As at the date of this Company Description, the Company does not hold any treasury shares and none of its direct or indirect subsidiaries hold shares in the Company.

12.9 Private Placement

12.9.1 Details of the Private Placement

On 6 May 2021, the Company announced a private placement (the "**Private Placement**") consisting of 30,400,000 SDRs based on the same number of newly issued underlying Shares, issued at an offer price of SEK 41.5 per SDR (the "**Subscription Price**"), raising gross proceeds of SEK 1,262 million (the "**Base Offer**").

The application period for the Private Placement took place from 6 May 2021 to 12 May 2021. The Private Placement will be settled by the Manager on a delivery-versus-payment basis on or about 20 May 2021.

Certain existing shareholders had collectively pre-committed to subscribe for SDRs corresponding to approx. SEK 85 million in the Private Placement. They received 100 percent allocation. Certain cornerstone investors, comprising AP4 (The Fourth Swedish National Pension Fund), Erste Asset Management GmbH, Goldman Sachs Asset Management LP, Handelsbanken Fonder AB on behalf of investment funds under management, and funds advised by UBS Asset Management (UK) Ltd, have pre-committed to subscribe for SDRs corresponding to approx. SEK 570 million in the Private Placement. They received 100 percent allocation. In total, the Company received pre-commitments and indications to subscribe for SDRs totalling more than SEK 950 million which equalled approximately 66 percent of the Private Placement.

In order to cover potential over-allotment in the Private Placement, the Company has committed to, at the request of the Manager, issue additional 4,540,000 new shares in the Company represented by SDRs (the "**Additional SDRs**"), corresponding to approximately 15 percent of Base Offer. To facilitate the over-allotment of the Additional SDRs and to facilitate price stabilisation activities in a period of 30 days from the first day of listing of the SDRs on First North (the "**Stabilisation Period**"), the Additional SDRs (and the underlying Shares) have been issued on a conditional basis, implying that any SDRs repurchased in stabilisation transactions during the Stabilisation Period will be cancelled at the end of the Stabilization Period. The Company has granted to the Manager an option (the "**Greenshoe Option**") to subscribe for and have issued to it a number of Shares at the Subscription Price equal to the number of Additional SDRs to cover short positions resulting from the over-allotments. The Greenshoe Option must be exercised by the Manager no later than the 30th day following commencement of trading in the SDRs on First North. An announcement notice will be made upon exercise of the Greenshoe Option. The over-allotted SDRs in the Private Placement have created a short position in the SDRs. The Manager may close out this short position by buying SDRs in the open market through stabilisation activities as further set out under Section 12.9.4 "**Stabilisation**" below and/or by exercising the Greenshoe Option. Net profits from stabilisation activities, if any, will be to the benefit of the Company.

Following completion of the Private Placement, the Company will have 99,332,264 Shares in issue if the Greenshoe Option is not exercised, and 103,872,264 Shares in issue if the Greenshoe Option is exercised in full.

An overview of major SDR holders of the Company following the issuance of new Shares and SDRs in the Private Placement is set out in Section 12.12 "**Major Holders of Shares and SDRs**".

12.9.2 Use of proceeds

The net proceeds to the Company from the Private Placement will be used for acceleration of growth (including building inventory and working capital), continued R&D, manufacturing capability expansion, repayment of debt and general corporate purposes.

12.9.3 Lock-up

The Company, the major shareholders and members of the Company's Board of Directors and Management have entered into customary lock-up arrangements with the Manager that will restrict, subject to certain exceptions, their ability to, without the prior written consent of the Manager, issue, sell or dispose of SDRs or Shares, as

applicable, for a period of 6 months for the Company and the Company's major shareholders and 12 months for the members of the Company's Executive Management and Board of Directors after the commencement of trading in the SDRs on First North.

12.9.4 Stabilisation

The Stabilisation Manager may in the Stabilisation Period effect transactions with a view to supporting the market price of the SDRs at a level higher than what might otherwise prevail, through buying SDRs in the open market at prices equal to or lower than (but not above) the offer price in the Private Placement. There is no obligation on the Stabilisation Manager to conduct stabilisation activities and there can be no assurance that stabilisation activities will be undertaken. If stabilisation activities are undertaken, they may be discontinued at any time, and must be brought to an end upon or before expiry of the Stabilisation Period. Within one week following the expiry of the Stabilisation Period, the Stabilisation Manager will publish an announcement with information as to whether or not it has undertaken any stabilisation activities, including the total number of SDRs sold and purchased, the date at which the stabilisation activities commenced, the date at which stabilisation activities last occurred and the price range within which stabilisation was carried out for each of the dates where stabilisation transactions were made. Any stabilisation activities will be conducted in accordance with the principles set out in the EC Commission Regulation 2273/2003 buy-back programmes and stabilisation of financial instruments, as well as article 5(4) of the EU Market Abuse Regulation and chapter III of the supplemental rules set out in the Commission Delegated (EU) 2016/1052 of 8 March 2016 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures. Net profits from any such stabilisation activities will be to the benefit of the Company.

12.10 Change of control

As of the date of this Company Description, to the knowledge of the Company, there are no arrangements or agreements, which may at a subsequent date result in a change of control in the Company.

12.11 Register of shareholders and SDRs

In the register of shareholders of the Company, all Shares underlying the SDRs are and will continue to be registered in the name of Pareto Securities AB as custodian and registered shareholder. Euroclear Sweden AB ("**Euroclear**"), the Swedish Central Securities Depository, will be responsible for keeping a register in respect of the SDRs, in accordance with the Swedish Share Accounts Act, (*Sw. lagen om kontoföring av finansiella instrument (1998:1479)*) and any other relevant provisions applicable to the book entry system kept by Euroclear. Therefore, the provision of the BC Act and the Articles of Association governing the register of shareholders and the transfer of Shares are of limited interest to SDR holders. Nevertheless, it should be noted that the terms applicable to the SDRs provide that the SDR holders shall be entitled to exchange their SDRs for Shares by a written application to Pareto Securities AB, in which case Pareto Securities AB will charge a fee in accordance with its normal rate.

12.12 Major holders of Shares and SDRs

As at the date of this Company Description, the Company has a total of 92 registered shareholders. An overview of the shareholders in SWI holding 5 percent or more of the shares in SWI is set out Table 7 below.

Table 7 – Overview of major shareholders as at the date of the Company Description		
#	Share/SDR Holder	Percentage (%)
1	3x5 Partners Funds ⁽¹⁾	37.0
2	Lime Rock New Energy Fund ⁽²⁾	30.1
3	FW Smart Wires Investors, LLC (Affiliate of Keystone Group)	22.4

(1) Total number of Shares held through various subsidiaries in the 3x5 Group.

(2) Total number of Shares held through various subsidiaries in the Lime Rock New Energy Group.

Following the completion of the Private Placement and the Reorganisation, the Company will have a total of 132 registered holders of Shares and SDRs. An overview of holders of Shares and SDRs with a holding representing

5 percent or more of the Shares Company following completion of the Private Placement and the Reorganisation is set out Table 8 below.

Table 8 – Overview of major holders of Shares and SDRs following completion of the Private Placement and Reorganisation

#	Share/SDR Holder	No. of Shares/SDRs	Percentage (%)
1	3x5 Partners Funds ⁽¹⁾	26,365,008	24.8
2	Lime Rock New Energy Funds ⁽²⁾	21,436,219	20.2
3	FW Smart Wires Investors, LLC (Affiliate of Keystone Group)	15,975,609	15.1

(1) Total number of Shares held through various subsidiaries in the 3x5 Group.

(2) Total number of Shares held through various subsidiaries in the Lime Rock New Energy Group.

13 LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

13.1 Group structure

13.1.1.1 Introduction

The Group's headquarters at 3292 Whipple Road, Union City, CA 94587, USA, serves as business address for the members of the Company's Board of Directors in relation to their positions in the Company.

13.1.1.2 Group structure prior to the Reorganisation

Prior to the Reorganisation (as defined below), SWI was the ultimate parent company of the historic operations of the Group, with two 100 percent owned subsidiaries, being Smart Wire Grid Europe Limited (European department) and Smart Wire Grid Tecnologia LTDA (an inactive entity). The Group had the corporate structure as set out in Table 9 below.

Company	Tiered subsidiary	Country of incorporation	Holding	Description
Smart Wires Inc. (SWI)	Holding	U.S	100%	U.S operations
Smart Wire Grid Europe Limited	First-tier	Ireland	100%	European operations
Smart Wire Grid Tecnologia LTDA	First-tier	Brazil	100%	Inactive entity
Smart Wires Ltd	First-tier	BVI	100%	Inactive entity (to be liquidated)

13.1.1.3 The Reorganisation

In connection with the preparation for the Admission to Trading, the Company was formed under the laws of the BVI and ultimately became the parent company of the operating company SWI through an inversion transaction (the "**Reorganisation**"). The summary description of the Merger (as described below) is subject to the terms and conditions set forth in the Merger Agreement (as described below):

- The Company was formed as a BVI entity, owned by a nominee stockholder (the "**Nominee**").
- A merger subsidiary, wholly owned by the Company, was incorporated in Delaware (the "**Merger Subsidiary**").
- The Merger Subsidiary will, with effect from 17 May 2021, merge with and into SWI, with SWI as the surviving corporation and becoming a majority owned subsidiary of the Company (the "**Merger**") pursuant to the Amended and Restated Agreement and Plan of Merger dated 12 May 2021 (the "**Merger Agreement**"), entered into between the Company, SWI and the Merger Subsidiary.
- In connection with the Merger, and subject to SWI's stockholders' appraisal rights under Delaware law (i) certain stockholders of SWI owning approximately 97 percent of the issued and outstanding shares in SWI will receive Shares in the Company as merger consideration, upon which their shares in SWI will be cancelled, and (ii) at their election, certain stockholders of SWI (the "**Excluded Stockholders**") owning issued and outstanding SWI shares will enter into exchange agreements with the Company (each an "**Exchange Agreement**"). Pursuant to the terms of the Exchange Agreement, the Excluded Stockholders will have certain rights to elect to exchange, and the Company has certain rights to require, the Excluded Stockholders to exchange, the Excluded Stockholders' SWI Shares for Shares in the Company, and in some cases, against payment in cash.
- The conversion ratio (number of Shares received as merger consideration for each SWI Share held) will be on a 1-for-10 Shares basis, meaning that for every 10 SWI Shares, the SWI stockholder would receive 1 Share in the Company.
- Immediately after the exchange resulting from the Merger and as set forth in the Eighth Amended and Restated Certificate of Incorporation, SWI approved a 1-for-10 reverse stock split, which would impact the number of SWI Shares held by the Excluded Stockholders.
- Concurrently with the Merger, the Shares that the Nominee owns will be surrendered in full.

The rationale for the Reorganisation was to facilitate the Admission to Trading on First North. The Reorganisation is deemed advisable and recommended by the Boards of Directors of the Company, SWI and Merger Subsidiary and was approved by the appropriate stockholders of the Company and SWI.

13.1.1.4 Group structure after the Reorganisation

Following the Reorganisation, the Company functions as the ultimate parent company of the Group and its direct subsidiary is SWI. The Company is not an operative entity, and the Company's operations are thereby carried out through its operating subsidiaries, being SWI and Smart Wire Grid Europe Limited. Table 10 sets out information about the Company and its directly or indirectly owned subsidiaries:

Table 10 – Group structure				
Company	Tiered subsidiary	Country of incorporation	Holding	Description
Smart Wires Technology Ltd (the Company)	Holding	BVI	-	Listing company and ultimate parent of the Group
Smart Wires Inc. (SWI)	First-tier	U.S	97% ⁽¹⁾	U.S operations
Smart Wire Grid Europe Limited	Second-tier	Ireland	100%	European operations
Smart Wire Grid Tecnologia LTDA	Second-tier	Brazil	100%	Inactive entity
Smart Wires Ltd	First-tier	BVI	100%	Inactive entity (to be liquidated)

(1) Remaining shares in SWI held by Excluded Stockholders, equivalent to a dilution of approximately 3 percent.

13.2 Material contracts

13.2.1 Supplier contracts

13.2.1.1 Contract manufacturing agreement with Jabil Inc

The production of MPFC units (as described in Section 6.2 "Business Overview") was initially outsourced by the Group to a regional manufacturer. In April 2019, the Group moved its manufacturing relationship to a large, international contract manufacturer, Jabil Inc, as Jabil Inc could provide better manufacturing capacities and has a reputation as an American world leading contract manufacturer. The Manufacturing Services Agreement (the "CM Agreement") was signed on 10 April 2019.

Each month the Company will provide a rolling 12 month forecast to Jabil Inc setting out the customer demand and purchase orders the Company has received, this forecast will form the basis of Jabil Inc's production.

The CM Agreement commits the Company to a specified factory footprint and labour force provided from Jabil Inc, and the Company is charged a monthly fee for Jabil Inc's value added manufacturing services ("CM VA") for these commitments. The fee is based on the Company's 12 month rolling forecast for manufacturing-hours for the units to be produced. According to the CM Agreement, Jabil Inc will manufacture the units based on a model of an open-book cost contract, based on material purchases, direct labour, and corporate overhead cost, plus an agreed fixed profit margin to Jabil Inc. Should the Company not meet its own forecasted production hours/capacity made available from Jabil Inc based on the 12 month rolling forecast, the monthly CM VA cost would as a minimum average about USD 1 million per month irrespectively of the actual volume of units produced by Jabil Inc. Given that the Company provides Jabil Inc with sufficient production volume (MPFC units) as per the 12 month rolling forecast, the CM VA costs are absorbed into the Company's finished goods.

The CM Agreement has a term of 3 years (from 10 April 2019) and is automatically renewed for one-year periods, unless a 180 days termination notice is provided to the Company.

As the Company can leverage upon the CM Agreement for production, the Company does not need to invest in any significant CAPEX when sales and production is ramped up.

The Company has had certain start-up issues with the production from Jabil Inc, issues which the Company considers to be not uncommon when starting up a new production line. The Company has hired additional staff to assist Jabil Inc with streamlining the production.

13.2.1.2 Other vendor contracts

The Group has a third-party vendor located in Pakistan, Powersoft19, which is Smart Wires' primary research & development firm. Services include key electrical and mechanical engineering services, quality, testing, prototyping of new products and sustaining engineering for existing products. Total expenses to Powersoft19 for 2020 was estimated at approximately USD 4.3 million.

13.2.2 Customer contracts

The Group's customer contracts are complex and highly negotiated. A typical contract provides for the purchase and delivery of Smart Wires' power flow control equipment, and consulting services to advise and assist customers as they undertake the installation, activation and integration of the devices into their electric grid. The Group has two types of customer contracts: framework agreements and project-specific agreements. A framework agreement provides terms and conditions that will be applicable for a cluster of projects. For example, the Group has a framework agreement in place with NGET with an estimated revenue of USD 35.9 million. This agreement includes the production of integrated SmartValves across five of NGET's substation sites in Europe.

The Group's top five customer contracts represent over 95 percent of the Group's annual revenue. The Group has built a large backlog of approximately USD 50 million in revenue for 2021, providing good visibility on increased revenue going into 2021. The Company's 2021 backlog spans over 13 projects across 9 separate customers located in Europe, South America, Australia and the United States.

13.2.3 Custodian agreement

Smart Wires has entered into a custodian agreement with Pareto Securities AB (acting as Custodian) under which the Custodian accepts Shares for deposit by registration of the Custodian in the share register of the Company on behalf of the holders of SDRs. The Custodian shall issue one SDR for each deposited Share (as described in Section 15 "*General Terms and Conditions for SDRs*"). Pursuant to the custodian agreement, the Custodian shall arrange to have the SDRs registered in the Euroclear book-entry registration system in accordance with the Swedish Financial Instruments Registration Act and in accordance with the agreement entered into between the Custodian and Euroclear.

13.2.4 Other

Apart from as otherwise described herein, neither the Company nor any other member of the Group has entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Company Description. Further, no member of the Group has entered into any other contract outside the ordinary course of business that contains any provision under which any member of the Group has any obligation or entitlement that is material to the Group as of the date of this Company Description.

13.3 Financing arrangements

In June 2020, SWI entered into a loan agreement (the "**2020 Loan Agreement**") with a lender for initial gross proceeds of USD 25 million. In February 2021, SWI amended the existing loan agreement with its existing lender to increase the principal of the loan by USD 25 million (the "**2021 Loan Agreement**") to a total aggregate loan amount of USD 50 million. As part of the amended loan agreement, SWI issued warrants to the lender to purchase shares equal to 2 percent of the fully diluted shares of SWI with an exercise price of USD 0.01 per share. The warrants were immediately exercisable and expire in February 2029. The Company has not determined the fair value of the warrants as of the date of this Company Description.

Both the 2020 and 2021 Loan Agreements bear interest at a rate of LIBOR plus 13 percent (with a floor of 1 percent). The original maturity date of June 2022 for the 2020 Loan Agreement was extended to January 2023 in February 2021. The 2021 Loan Agreement includes a maturity date of January 2023. Both the 2020 and 2021 Loan Agreements include the following financial covenants:

- (i) SWI must maintain cash and cash equivalents balance of USD 5 million
- (ii) SWI must achieve USD 30 million in revenue for the trailing twelve-month period ending 30 September 2021, increasing to USD 50 million for the trailing twelve-month period ending 31 December 2021. The revenue covenant remains at USD 50 million for the trailing twelve-month periods in 2022 until maturity.

Since inception of the 2020 Loan Agreement, the Group has been in compliance with the above loan covenants.

The 2021 Loan Agreement does not have a prepayment penalty if prepaid prior to 22 June 2021. However, a prepayment penalty of 3 percent applies subsequent to this date. The Company will use net proceeds from the Private Placement to restructure the respective loan facility of SWI following the Admission to Trading. This may include repaying up to USD 25 million of the loan balance and obtaining a longer-term loan facility for the remaining USD 25 million of the loan (see description of use of proceeds in Section 12.9.2 "*Use of Proceeds*"). The Group has no other significant interest-bearing loans.

13.4 Patents, licenses, and trademarks

Smart Wires currently holds 76 patent families consisting of around 56 patents, with another 111 patents in the pending state. Smart Wires holds granted patents in the US, Canada, Spain, Japan, South Korea, the European Patent Office and the Eurasian Patent Organization, with a number of pending patents in the US, Canada, South Korea, Japan, Brazil, China, Australia, the World Intellectual Property Organization, the European Patent Office and the Eurasian Patent Organization.

Table 11 – Overview of patents¹³

Patent numbers	Description of granted patent	Protected jurisdictions ⁽¹⁾
US 9843176 B2 / US 9843176 B2	Installation Fixture For Installing Devices On Power Lines	U.S.
US 9217762 B2 / US 9753059 B2	Detection Of Geomagnetically-induced Currents With Power Line-mounted Devices	U.S.
US 10180696 B2	Distributed Impedance Injection Module For Mitigation Of The Ferranti Effect	U.S.
US 7835128 B2 / CA 2596369 C / EP 1851777 B1 / KR 101196050 B1	Systems And Methods For Distributed Series Compensation Of Power Lines Using Passive Devices	U.S., CA, EP, KR
US 10008317 B2 / US 10283254 B2	Voltage Or Impedance-injection Method Using Transformers With Multiple Secondary Windings For Dynamic Power Flow Control	U.S.
US 10418814 B2 / US 10424929 B2	Transformers With Multi-turn Primary Windings For Dynamic Power Flow Control	U.S.
US 10468880 B2	Systems And Methods For Voltage Regulation Using Split-conductors With Loop Current Reduction	U.S.
US 10666038 B2	Modular Facts Devices With External Fault Current Protection	U.S.
US 10396533 B1 / US 10770870 B2	Containerised Power Flow Control Systems	U.S.
US 7105952 B2 / CA 2541323 C / EP 1668756 B1	Distributed Floating Series Active Impedances For Power Transmission Systems	U.S., CA, EP
US 10756542 B2	Agile Deployment Of Optimised Power Flow Control System On The Grid	U.S.
US 10218175 B2 / US 10749341 B2	Dynamic And Integrated Control Of Total Power System Using Distributed Impedance Injection Modules And Actuator Devices Within And At The Edge Of The Power Grid	U.S.
US 8816527 B1 / US 9172246 B2	Phase Balancing Of Power Transmission System	U.S.
US 9906031 B2 / EA 031555 B1	Power Line Reactance Module And Applications	U.S., EA
US 10097037 B2 (US 10559975 B2)	System And Method For Distributed Grid Control With Sub-cyclic Local Response Capability	U.S.
US 10790878 B1	Systems And Methods For Real-time Communication Among A Cluster Of Impedance Injection Nodes In A Power Distribution System	U.S.
US 10825625 B1	Kinetic Actuator For Vacuum Interrupter	U.S.
US 10199150 B2	Power Transmission Tower Mounted Series Injection Transformer	U.S.
US 10724857 B1	Real-time Bolt Monitoring System	U.S.
CA 2596362 C / EP 1847001 B1 / KR 101260534 B1	Active Current Surge Limiters	CA, EP, JP
ES 2383137 T3	Sistemas Y Procedimientos Para La Compensación En Serie Distribuida De Líneas Eléctricas Usando Dispositivos Pasivos	ES
ES 2405758 T3	Impedancias Activos En Series Flotantes Distribuidas Para Sistemas De Transmisión De Energía	ES
JP 4927761 B2	JP 4927761 B2	JP

⁽¹⁾ Granted in at least one of the jurisdictions noted.

The Group does not have any business-critical licenses or trademarks outside the ordinary course of business.

13.5 Liquidity provider

In May 2021, Smart Wires entered into an agreement with Pareto Securities AB according to which Pareto Securities AB will act as a liquidity provider for the trading of the Company's SDRs on First North (provided that the Company's application for Admission to Trading is approved). The commitment means that the liquidity provider undertakes to, when possible, set prices on both the buy-side and sell-side, with the effect that the difference between the buy and sell price does not exceed a certain level. The purpose of the agreement is thus to promote the liquidity in the SDRs.

¹³ The following link contains all patents held by the Group (granted or pending): <https://www.lens.org/lens/collection/11047>.

13.6 Related party transactions

Other than as described herein, the Company has not entered into any other material related party transactions with any shareholders, members of the Board of Directors, Management or close associates of any such parties, or with another Group company for the period covered by the historical financial information and up to the date of this Company Description.

13.7 Employees

The Group had over 71 employees as of 31 December 2018 and 83 employees as of 31 December 2019. At the date of this Company Description, the Group has approximately 90 direct employees through its entities SWI in the U.S and Smart Wire Grid Europe Ltd in Ireland.

13.8 Legal and arbitration proceedings

Smart Wires is currently not, nor has it been during the course of the preceding twelve months, involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on its financial position or profitability. The Company is not aware of any such proceedings which are pending or threatened.

13.9 Certified Advisor

Smart Wires' Certified Advisor is Erik Penser Bank AB. Erik Penser Bank AB does not own any Shares or SDRs representing Shares.

14 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY



**BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT, 2004 (AS AMENDED)**

Memorandum and Articles of Association

of

Smart Wires Technology Ltd

**Incorporated on 22nd February, 2021
Amended and restated on [] April 2021**

CO SERVICES

Rodus Building | P.O. Box 3093 | Road Town | Tortola | British Virgin Islands

BVI BUSINESS COMPANIES ACT, 2004 (AS AMENDED)

MEMORANDUM OF ASSOCIATION

OF

Smart Wires Technology Ltd

1 COMPANY NAME

- 1.1 The name of the Company is Smart Wires Technology Ltd.
- 1.2 The full name of the Company (and its foreign character name, if applicable) shall be clearly stated in every:
- (a) written communication sent by, or on behalf of, the Company; and
 - (b) document issued or signed by, or on behalf of, the Company that evidences or creates a legal obligation of the Company.
- 1.3 The Company may from time to time change the Company's name (or foreign character name, if applicable) by Resolution of Directors or Resolution of Members. A change of name (or foreign character name) takes effect from the date that the Registrar issues a change of name certificate.

2 COMPANY STATUS.

- 2.1 The Company is a company limited by shares.
- 2.2 The Company is a legal entity in its own right separate from its Members and continues in existence until it is dissolved.

3 LIABILITY OF MEMBERS

- 3.1 The liability of each Member is limited to:
- (a) the amount from time to time unpaid on that Member's Shares;
 - (b) any liability expressly provided for in this Memorandum or the Articles; and
 - (c) any liability to repay a Distribution pursuant to section 58(1) of the Act.

4 REGISTERED AGENT

- 4.1 The first Registered Agent will be CO Services (BVI) Ltd. of Rodus Building, P.O. Box 3093, Road Town, Tortola, VG1110, British Virgin Islands.
- 4.2 The Company may change its Registered Agent by Resolution of Directors or Resolution of Members.

5 REGISTERED OFFICE

- 5.1 The first registered office of the Company will be situated at Rodus Building, P.O. Box 3093, Road Town, Tortola, VG1110, British Virgin Islands.
- 5.2 The Company may change its Registered Office by Resolution of Directors or Resolution of Members, provided that the Registered Office is at all times at the office of its Registered Agent in the British Virgin Islands.

6 CAPACITY AND POWERS

- 6.1 Subject to the Act, any other British Virgin Islands legislation, this Memorandum and/or the Articles, the Company has, irrespective of corporate benefit:
- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
 - (b) for the purposes of Sub-Clause 6.1 (a), full rights, powers and privileges.
- 6.2 For the purposes of section 9(4) of the Act, there are no limitations on the business that the Company may carry on.

7 NUMBER AND CLASSES OF SHARES

- 7.1 The Company is authorised to issue a maximum of 1,500,000,000 Shares, with a par value of US\$0.01 each, of a single class.
- 7.2 The Company may issue fractional Shares and a fractional Share shall have the corresponding fractional rights, obligations and liabilities of a whole Share of the same class or series of Shares.
- 7.3 The Company may issue a class of Shares in one or more series. The division of a class of Shares into one or more series and the designation to be made to each series shall be determined by the Directors from time to time by a Resolution of Directors.

8 RIGHTS CONFERRED BY SHARES

- 8.1 Each Share confers on the holder thereof the right to:
- (a) one vote on any Resolution of Members;
 - (b) an equal share in any dividend paid by the Company; and
 - (c) an equal share in the Distribution of the surplus assets of the Company.
- 8.2 The rights conferred upon the holders of the Shares of any class may only be varied, whether or not the Company is in liquidation, either by a resolution:
- (a) approved at a Members Meeting by the affirmative vote of a Majority of the votes of the Shares of the class being varied and entitled to vote, which were present at the Members Meeting (in person or by their duly appointed Proxy) and were voted; or

- (b) consented to in writing by a Majority of the votes of the Shares of the class being varied and entitled to vote, without the need for any notice, and may consist of several documents, including written electronic communication, in like form each signed or assented to by one or more Members.

8.3 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

9 REGISTERED SHARES

9.1 The Company shall issue registered shares only.

9.2 The Company is not authorised to issue bearer shares, convert registered shares to bearer shares or exchange registered shares for bearer shares.

10 AMENDMENTS TO THE MEMORANDUM AND ARTICLES

10.1 Subject to Clause 8.2, the Company may amend this Memorandum and/or the Articles by Resolution of Directors or Resolution of Members, save that no amendment may be made by a Resolution of Directors:

- (a) to restrict the rights or powers of the Members to amend this Memorandum and/or the Articles; or
- (b) to change the percentage of Members required to pass a Resolution of Members to amend this Memorandum and/or the Articles; or
- (c) in circumstances where this Memorandum and/or the Articles may only be amended by the Members; or
- (d) to Clause 8 or this Clause 10.

10.2 Any amendment to this Memorandum or the Articles will take effect from the date the notice of amendment, or restated memorandum and articles incorporating the amendment, is registered by the Registrar or from such other date as determined pursuant to the Act.

11 DEFINITIONS AND INTERPRETATION

11.1 In this Memorandum and the Articles, except where the context requires otherwise, the following words and expressions shall have the following meanings:

Acquire	to purchase, redeem or otherwise acquire (and " Acquisition " and " Acquired " shall be construed accordingly);
Act	the BVI Business Companies Act, 2004 (as amended from time to time) and includes the BVI Business Companies Regulations 2012 and any other regulations made under the Act from time to time;
Agent	an Eligible Person (including a Director) appointed as an agent of the Company;
Alternate Director	a Director or an Eligible Person whose name is entered in the Register of Directors as an alternate for a Director;

Appointing Director	a Director who has appointed an Alternate Director;
Articles	the Company's articles of association, attached to this Memorandum, as amended from time to time;
Board	the board of Directors at any time of the Company or the Directors present at a duly convened meeting of Directors at which a quorum is present;
Board Observer	has the meaning given to such term in Regulation 14.5 of these Articles;
Business Days	a day (other than Saturday or Sunday) on which banks are open for general business in the British Virgin Islands;
Chairperson	<p>the chairperson of a Members Meeting who shall be the Chairperson of the Board, however:</p> <p>(a) if there is no Chairperson of the Board or if they are not present at the Members Meeting, the Members present shall choose one of their number to be the Chairperson; and</p> <p>(b) if the Members are unable to choose a Chairperson for any reason, then the person representing the greatest number of voting Shares present in person or by Proxy at the Members Meeting shall preside as Chairperson,</p> <p>failing which the oldest individual Member or representative of a Member present at the Members Meeting shall be the Chairperson;</p>
Chairperson of the Board	a Director who has been appointed, by a Resolution of Directors, as the chairperson of the Board;
Charge	any mortgage, charge or other form of security over a Share (and "Charged" shall be construed accordingly);
Charged Shares	has the meaning ascribed to it in Sub-Regulation 8.1;
Chargee	any Eligible Person to whom a Charge has been granted or any nominee of that Eligible Person;
Committee	a committee of representatives of the Company, appointed in accordance with Regulation 23.1 of the Articles;
Committee Meeting	a duly convened and constituted meeting of the Committee Members;
Committee Member	a member of a Committee;
Company Records	<p>means the:</p> <p>(a) Registers;</p> <p>(b) Minute Book; and</p> <p>(c) Records and Documentation;</p>

Controller	an individual that is the sole Member and sole Director;
Custodian	Pareto Securities AB;
Depository Receipts	instruments in whatever form issued by the Custodian, which represent an Interest, whether direct or indirect, in a Share or Shares;
Director	an Eligible Person whose name is entered in the Register of Directors as a director of the Company;
Director Committee	a committee of Directors, each consisting of one or more Directors;
Director Committee Meeting	a duly convened and constituted meeting of the Director Committee Members;
Director Committee Member	a member of a Director Committee;
Directors Meeting	a duly convened and constituted meeting of Directors;
Distribution	in relation to a distribution by the Company means: <ul style="list-style-type: none"> (a) the direct or indirect transfer of an asset, other than the Company's own Shares, to or for the benefit of a Member; or (b) the incurring of a debt to or for the benefit of a Member, in relation to Shares held by that Member, and whether by means of the purchase of an asset, the purchase, redemption or other acquisition of Shares, a transfer of indebtedness or otherwise, and includes a dividend;
Electronic Transactions Act	the Electronic Transactions Act, 2001 (as amended from time to time);
Eligible Person	individuals, corporations, trustees of trusts, executors of the estates of deceased individuals, partnerships and unincorporated associations of persons;
Group Company	means the Company and any subsidiary of the Company and "Group" shall mean all such companies;
Insolvency Act	the Insolvency Act, 2003 (as amended from time to time);
Interest	includes an interest of any kind whatsoever in or to any Share or right to control the voting or other rights attributable to any Share (including any interests or rights in respect of Shares as are represented by Depository Receipts);
Listing Rules	The Nasdaq First North Growth Market – Rulebook (1 September 2019);
Majority	means in excess of fifty (50) per cent.;
Member	an Eligible Person whose name is entered in the Register of Members as the holder of one or more Shares or fractional Shares;

Members Meeting	a duly convened and constituted meeting of Members;
Memorandum	this, the Company's memorandum of association, as amended from time to time;
Minute Book	means the minutes and/or written resolutions (as applicable) of all: <ul style="list-style-type: none"> (a) Resolutions of Members and of classes of Members; (b) Resolutions of Directors; and (c) Resolutions of Committees;
MLAT	the Mutual Legal Assistance (Tax Matters) (Amendment) Act, 2012 (as amended from time to time);
Officer	an Eligible Person appointed as an officer of the Company;
Parent	has the meaning defined in the Act;
Prohibited Powers	any of the following powers to: <ul style="list-style-type: none"> (a) amend this Memorandum or the Articles; (b) designate a Committee; (c) delegate powers to a Committee (provided that this and the preceding sub-Regulation do not prevent a Committee, where authorised by a Resolution of Directors, from appointing a sub-Committee and delegating powers exercisable by the Committee to the sub-Committee); (d) appoint or remove Directors; (e) appoint or remove an Agent; (f) approve a plan or merger, consolidation or arrangement; (g) make a declaration of solvency or to approve a liquidation plan; and/or (h) make a determination that the Company will, immediately after a proposed Distribution, satisfy the Solvency Test;
Proxy	an Eligible Person who has been duly appointed by a Member (in accordance with the Act and Regulation 13) to be its proxy at a Members Meeting;
Records and Documents	has the meaning ascribed to it in Sub-Regulation 31;
Register of Charges	a register of charges that the Company maintains at its Registered Office, which contains details of each charge it has created over its assets;
Register of Directors	the Company's register of Directors, maintained in accordance with the Act;

Register of Members	the Company's register of Members, maintained in accordance with the Act and the Articles;
Registered Agent	the Company's registered agent, as appointed from time to time, in accordance with the Act;
Registered Office	the Company's registered office maintained in accordance with the Act;
Registers	the Register of Members and the Register of Directors;
Registrar	the Registrar of Corporate Affairs in the British Virgin Islands;
Relevant System	any computer based system and its related facilities and procedures that is provided by Euroclear Sweden and by means of which title to Interests can be evidenced and transferred without a written instrument;
Reserve Director	an Eligible Person whose name is entered in the Register of Directors as being nominated a reserve director of the Company by a Controller;
Resolution of Directors	<p>either a resolution:</p> <p>(a) approved at a Directors Meeting or Director Committee Meeting by the affirmative vote of a Majority of Directors entitled to vote thereon or by a Majority of Director Committee Members, as the case may be, entitled to vote thereon which were present at the Directors Meeting (in person or by their duly appointed Alternate Director) who voted, except that where a Director is given more than one vote, he or she shall be counted by the number of votes he or she casts for the purpose of establishing a Majority of Directors Majority or Majority of Director Committee Members, as the case may be; or</p> <p>(b) consented to in writing by a Majority of Directors (in person or by their duly appointed Alternate Director) or by a Majority of the Director Committee Members as the case may be, without the need for any notice, and may consist of several documents, including written electronic communication, in like form each signed or assented to by one or more Directors (in person or by their duly appointed Alternate Director);</p>
Resolution of Members	<p>either a resolution:</p> <p>(a) approved at a Members Meeting by the affirmative vote of a Majority of the votes of the Shares entitled to vote thereon which were present at the Members Meeting (in person or by their duly appointed Proxy) and were voted; or</p> <p>(b) consented to in writing by a Majority of the votes of the Shares entitled to vote thereon, without the need for any notice, and may consist of several documents, including written electronic</p>

communication, in like form each signed or assented to by one or more Members;

Seal	any seal which has been duly adopted as the common seal of the Company, and shall include reference to an electronic seal which satisfies the requirements of the Electronic Transactions Act;
Securities	shares and debt obligations of every kind of the Company, and including without limitation options, warrants and rights to acquire shares or debt obligations;
Share	an ordinary share issued or to be issued in the Company, having the rights and being subject to the restrictions set out in this Memorandum and the Articles;
Solvency Test	the Company satisfies the solvency test if the value of the Company's assets exceeds its liabilities and the Company is able to pay its debts as they fall due;
Subsidiary	has the meaning defined in the Act; and
Treasury Share	a Share that was previously issued but was repurchased, redeemed or otherwise acquired by the Company and not cancelled, in accordance with the Act.

11.2 In this Memorandum and the Articles:

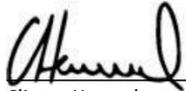
- (a) a **Clause** or **Sub-Clause** is a reference to a clause or sub-clause of this Memorandum;
- (b) a **Regulation** or **Sub-Regulation** is a reference to a regulation or sub-regulation of the Articles;
- (c) voting by Members is a reference to the casting of the votes attached to the Shares held by the Member voting;
- (d) words and expressions defined in the Act shall have the same meaning and, unless otherwise required by the context, the singular shall include the plural and vice versa, the masculine shall include the feminine and the neuter and references to persons shall include corporations and all entities capable of having a legal existence;
- (e) reference to any provision of law (including but not limited to the Act, the Electronic Transactions Act) is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;
- (f) reference to this Memorandum or to the Articles is a reference to those documents as amended from time to time;
- (g) the headings are for convenience only and shall not affect the construction of this Memorandum or the Articles;
- (h) reference to a thing being **written** or **in writing** includes all forms of writing, including all electronic records which satisfy the requirements of the Electronic Transactions Act, including (but not limited to) information generated, sent, received or stored by electronic, electrical, digital, magnetic,

optical, electromagnetic, biometric or photonic means, including electronic data interchange, electronic mail, telegram, telex or telecopy;

- (i) reference to a thing being **signed** or to a person's **signature** shall include reference to an electronic signature which satisfies the requirements of the Electronic Transactions Act;
- (j) any words or expressions defined in the Act shall have the same meaning in this Memorandum and the Articles and unless otherwise required by the context or unless otherwise defined in this Memorandum or the Articles;
- (k) where a period of time is expressed as a number of days, the days on which the period begins and ends are not included in the computation of the number of days; and
- (l) headings are inserted for convenience only and shall be disregarded in the construction of or the interpretation of this Memorandum and the Articles.

We, CO Services (BVI) Ltd. of Rodus Building, P.O. Box 3093, Road Town, Tortola, VG1110, British Virgin Islands in our capacity as Registered Agent hereby apply to the Registrar for the incorporation of the Company this 22nd day of February, 2021.

Incorporator



Clinton Hempel
Authorised Signatory
CO Services (BVI) Ltd.

BVI BUSINESS COMPANIES ACT, 2004 (AS AMENDED)

ARTICLES OF ASSOCIATION

OF

Smart Wires Technology Ltd

1 DISAPPLICATION OF THE ACT

1.1 The following sections of the Act shall not apply to the Company:

- (a) section 46 (*Pre-emptive rights*);
- (b) section 60 (*Process for acquisition of own shares*);
- (c) section 61 (*Offer to one or more shareholders*);
- (d) section 62 (*Shares redeemed otherwise than at the option of company*);
- (e) section 175 (*Disposition of assets*); and
- (f) section 176 (*Redemption of minority shares*).

2 SHARES

2.1 Shares and other securities may be issued, and options to acquire Shares may be granted, at such times, to such Eligible Persons, for such consideration and on such terms as the Directors may determine by a Resolution of Directors.

2.2 A Share may be issued for consideration in any form, or combination of forms, including money, a promissory note, or other written obligation to contribute money or property, real property, personal property (including goodwill and know-how), services rendered or a contract for future services.

2.3 The consideration for a Share with par value shall not be less than the par value (if any) of the Share. If a Share is issued for less than its par value, the Eligible Person to whom the Share is issued is liable to pay the Company an amount equal to the difference between the issued price and the par value.

2.4 No Shares may be issued for a consideration which is in whole or in part other than money, unless a Resolution of Directors has been passed stating:

- (a) the amount to be credited for the issue of the Shares; and
- (b) that, in their opinion, the present cash value of the non-money consideration and the money consideration for the issue is not less than the amount to be credited for the issue of the Shares.

2.5 The Company may issue bonus Shares.

2.6 A Share is deemed to be issued when the name of the Eligible Person is entered in the Register of Members.

2.7 To the extent required to ensure compliance with the Listing Rules, the Company shall ensure that information regarding its total number of issued Shares is made public by such means as the Directors

consider appropriate, and to the extent that such total number of issued Shares increases or decreases, the Company shall update such previously publicised information.

3 ALTERATION OF SHARES

3.1 Subject to the Act, where the Directors consider it necessary or desirable to undertake any action as is specified in sub-Regulations (a) – (f) below, the Company may, pursuant to a Resolution of Directors or a Resolution of Members at any time:

- (a) sub-divide all or any Shares, including issued Shares, into a larger number of Shares;
- (b) combine its Shares, including issued Shares, into a smaller number of Shares; or
- (c) convert all or any of its Shares denominated in a particular currency or former currency into Shares denominated in a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other dates as may be specified therein.

3.2 The Company shall not divide or combine its Shares under Regulation 3.1 of these Articles if it would cause the maximum number of shares that the Company is authorised to issue by the Memorandum to be exceeded.

4 SHARE CERTIFICATES

4.1 The Company may (but shall not be obliged to) issue to a Member without payment one certificate for all Shares held by that Member:

- (a) signed by a Director or Officer, or any other person authorised by Resolution of Directors; or
- (b) under the Seal,

specifying the number of Shares held by him or her, and the signature of the Director, Officer or authorised person and the Seal may be facsimiles.

4.2 Each Member who receives a share certificate shall indemnify and hold the Company, its Directors and Officers harmless from any loss or liability which it or they may incur by reason of any wrongful or fraudulent use or representation made by any Eligible Person by virtue of the possession thereof.

4.3 If a share certificate is worn out or lost, it may (subject to the prior written consent of any Chargee whose interest has been noted on the Register of Members) be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as the Directors may reasonably require.

4.4 If several Eligible Persons are registered in the Register of Members as joint holders of any Shares, the Company is not bound to issue more than one certificate in relation to those Shares and delivery of a share certificate to one of several joint holders of Shares shall be sufficient delivery to all.

4.5 The Board of Directors may permit title to the Shares to be evidenced otherwise than by a certificate and no provision of these Articles shall apply so as to require the Company to issue a certificate to any Member holding shares in uncertificated form.

4.6 No provision of these Articles shall apply to have effect to the extent that it is inconsistent in any respect with:

- (a) the exercise of any powers or functions by the Company or the effecting by the Company of any actions by means of a Relevant System; and
- (b) the Listing Rules.

5 REGISTER OF MEMBERS

- 5.1 Subject to section 41(1A) of the Act, the Company shall keep a Register of Members containing:
- (a) the name and address of each Eligible Person who holds Shares;
 - (b) the number of each class and series of Shares held by each Member;
 - (c) the date on which the name of each Member was entered in the Register of Members; and
 - (d) the date on which any Eligible Person ceased to be a Member.
- 5.2 The entry of an Eligible Person on the Register of Members as a holder of a Share is *prima facie* evidence that legal title in the Share vests in that Eligible Person.
- 5.3 The Company may treat the holder of a Share issued by the Company as the only Eligible Person entitled to:
- (a) exercise any voting rights attached to the Share;
 - (b) receive notices;
 - (c) receive a Distribution in respect of the Share; and
 - (d) exercise other rights and powers attached to the Share.
- 5.4 The Register of Members may be in any such form as the Directors may approve, but if it is in magnetic, electronic or other data storage form, the Company must be able to produce legible evidence of its contents. Until the Directors otherwise determine, the magnetic, electronic or other data storage form shall be the original Register of Members.
- 5.5 The Company may elect to file a copy of its Register of Members with the Registrar, to make it available for public inspection, in accordance with the Act (a "**Public Register of Members**").
- 5.6 Once the Public Register of Members has been filed with the Registrar, the Company is bound by its contents. Each time the Register of Members is updated, amended or altered in any way, the Company must file a copy of the same with the Registrar, to update the Public Register of Members. The Company may elect to cease registering such changes by filing a notice with the Registrar, in accordance with the Act.

6 TRANSFER OF SHARES

- 6.1 The Shares shall be freely transferable, provided that any Transfer of Shares shall be made in accordance with the provisions of this Regulation 6.
- 6.2 Subject to section 54A of the Act, Shares may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, which shall be sent to the Company so that the Register of Members can be updated to reflect and effect the share transfer. If the transfer

imposes a liability to the Company on the transferee, the transferee must also sign the written instrument of transfer.

- 6.3 Subject to Sub-Regulation 6.4, the Company shall, on receipt of an instrument of transfer, enter the name of the transferee in the Register of Members.
- 6.4 The Directors may not resolve to refuse or delay the registration of the transfer of Shares.
- 6.5 Where the Directors pass a Resolution of Directors pursuant to Sub-Regulation 6.4, the Company shall, as soon as reasonably practicable, send the transferor and the transferee a notice of the refusal or delay in the approved form.
- 6.6 Subject to section 41(1A) of the Act, the transfer of a Share is effective when the name of the transferee is entered on the Register of Members.
- 6.7 If the Directors are satisfied that an instrument of transfer relating to Shares has been signed but that the instrument has been lost or destroyed, they may resolve by a Resolution of Directors:
- (a) to accept such evidence of the transfer of Certificated Shares as they consider appropriate; and
 - (b) that the transferee's name should be entered in the Register of Members, notwithstanding the absence of the instrument of transfer.
- 6.8 For the avoidance of doubt, no provision of the Memorandum or these Articles shall be construed as imposing any restriction on the transfer of Shares or any Interests or beneficial interests in Shares pursuant to a Relevant System.

7 REDEMPTION OF SHARES, SURRENDER OF SHARES AND TREASURY SHARES

- 7.1 The Company may Acquire and hold its own Shares save that the Company may not Acquire its own Shares without the consent of Members whose Shares are to be Acquired unless the Company is permitted by the Act or any other provision in the Memorandum or these Articles to Acquire the Shares without their consent.
- 7.2 The Company may only offer to Acquire Shares if the Resolution of Directors authorising the Acquisition contains a statement that the Directors are satisfied (on reasonable grounds) that immediately after the Acquisition the Company will be able to satisfy the Solvency Test.
- 7.3 Shares that the Company Acquires may be cancelled or held as Treasury Shares. Unless the Shares Acquired are held as Treasury Shares, any Shares Acquired by the Company shall be deemed to be cancelled immediately on completion of the Acquisition of the Shares.
- 7.4 The Company may Acquire its own fully paid Share(s) for no consideration by way of surrender of such Share(s) to the Company by the Member whose Share(s) are being surrendered. Any such surrender shall be in writing and signed by the Member whose Share(s) are being surrendered.
- 7.5 The number of Shares held as Treasury Shares (when aggregated with Shares of the same class already held as Treasury Shares) can not exceed 50 per cent. of the Shares of that class previously issued by the Company (excluding Shares that have been cancelled).
- 7.6 Shares which have been cancelled shall be available for reissue.

7.7 All rights and obligations attaching to a Treasury Share are suspended and shall not be exercised by the Company while it holds the Share as a Treasury Share.

7.8 Treasury Shares may be transferred or disposed of by the Company on such terms and conditions (not otherwise inconsistent with the Memorandum and these Articles) as the Company may by a Resolution of Directors determine.

8 MORTGAGES OF SHARES AND CHARGES OVER SHARES

8.1 Members may Charge their Shares. If a Member has created a Charge over any of their Shares, such Shares shall be referred to as the "**Charged Shares**".

8.2 At the written request of a Member who has Charged Shares, the following shall be entered in the Register of Members:

- (a) a statement that such Charged Shares are Charged;
- (b) the name of the Chargee; and
- (c) the date on which the particulars specified in Sub-Regulations 8.2(a) and 8.2(b) are entered in the Register of Members.

8.3 Whilst particulars of a Charge over Shares are entered in the Register of Members, the Company shall not, without the prior written consent of the named Chargee:

- (a) effect the transfer of any such Charged Share; or
- (b) Acquire any such Charged Share; or
- (c) replace a share certificate in respect of any such Charged Share.

8.4 Notwithstanding anything contained in the Memorandum or these Articles, the Directors shall not decline to register any transfer of Charged Shares, nor may they suspend registration thereof, where such transfer is:

- (a) to any Chargee, whose interest has been noted on the Register of Members; or
- (b) by any such Chargee, pursuant to the power of sale under its Charge; or
- (c) by any such Chargee, in accordance with the terms of the relevant security document creating the Charge.

8.5 Where particulars of a Charge are entered in the Register of Members, such particulars may be cancelled:

- (a) with the written consent of the named Chargee or anyone authorised to act on its behalf; or
- (b) upon evidence satisfactory to the Directors of the discharge of the liability secured by the Charge and the issue of such indemnities as the Directors shall consider necessary or desirable.

9 FORFEITURE

- 9.1 Shares that are not fully paid on issue are subject to the forfeiture provisions set forth in this Regulation and for this purpose, Shares issued for a promissory note or other written obligation to contribute money or property, or a contract for future services are deemed to be not fully paid.
- 9.2 A written notice of call (a "**Forfeiture Notice**") shall be served on a Member who defaults in making payment in respect of any Shares held by him or her (the "**Forfeiture Shares**").
- 9.3 A Forfeiture Notice must:
- (a) specify a date that the Member should make payment for the Forfeiture Shares;
 - (b) provide a further date (no earlier than 14 days from the date that the Forfeiture Notice was served) on, or before which, payment for the Forfeiture Shares is required (a "**Payment Date**"); and
 - (c) contain a statement that in the event of non-payment at or before the Payment Date, the Forfeiture Shares (or any of them) will be liable to be forfeited.
- 9.4 Where a Forfeiture Notice has been served pursuant to Sub-Regulations 9.2 and 9.3(a), and the requirements of the Forfeiture Notice have not been complied with, the Directors may, at any time before tender of payment, forfeit and cancel the Forfeiture Shares.
- 9.5 The Company is under no obligation to refund any moneys to a Member whose Shares have been cancelled pursuant to Sub-Regulation 9.4 and that Member shall be discharged from any further obligation to the Company.

10 DISTRIBUTIONS

- 10.1 Subject to Sub-Regulations 10.2 and 10.3, the Directors may, by Resolution of Directors, authorise a Distribution by the Company to the Members at such time and of such amount as they think fit, if they are satisfied (on reasonable grounds) that the Company will, immediately after the Distribution, satisfy the Solvency Test.
- 10.2 If, after a Distribution is authorised (but before it is made) the Directors cease to be satisfied (on reasonable grounds) that the Company will be able to satisfy the Solvency Test after the Distribution is made, then such Distribution is deemed not to have been authorised.
- 10.3 No Distribution shall be declared or authorised without the prior written consent of the Custodian, such consent to include confirmation that arrangements have been agreed between the Custodian and the Company for making any Distribution authorised in respect of the Shares held by the Custodian to the holders of the underlying Depositary Receipts.
- 10.4 Distributions may be paid in money, shares or other property.
- 10.5 The Directors may, before recommending any Distribution, set aside out of the profits of the Company such sums as they think proper as a reserve which shall, at their discretion, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit.
- 10.6 If several Eligible Persons are registered as joint holders of any Share, any of them may give effectual receipt for any Distribution or other monies payable on or in respect of the jointly held Share.

- 10.7 Notice of any Distribution that may have been declared shall be given to each Member pursuant to Regulation 32.
- 10.8 All Distributions that are unclaimed for three years after having been declared may be forfeited by a Resolution of Directors, for the benefit of the Company.
- 10.9 No Distribution shall bear interest against the Company or be paid on those shares which are held by the Company as Treasury Shares at the date of the Distribution is declared.

11 MEETINGS OF MEMBERS

- 11.1 The Board of Directors shall convene, and the Company shall hold, annual Members Meetings at least once in each calendar year.
- 11.2 A Members Meeting may be convened by:
- (a) a Director at such times and in such manner and places, within or outside the British Virgin Islands, as the Director considers necessary or desirable; or
 - (b) the Directors, upon the written request of Members entitled to exercise 30 per cent. (or more) of the voting rights in respect of the matter for which the Members Meeting is requested.
- 11.3 The Director convening a Members Meeting shall give not less than [28 days'] notice of a Members Meeting to:
- (a) those Members whose names appear on the Register of Members on the date the notice is given and who are entitled to vote at the Members Meeting; and
 - (b) the other Directors.
- 11.4 The Director convening a Members Meeting may fix as the record date for determining those Members that are entitled to vote at the Members Meeting the date notice is given of the Members Meeting, or such other date as may be specified in the notice, being a date not earlier than the date of the notice.
- 11.5 A Members Meeting held in contravention of the requirement to give notice is valid if Members holding at least 90 per cent. of the total voting rights on all the matters to be considered at the Members Meeting have waived notice of the Members Meeting and, for this purpose, the presence of a Members at the Members Meeting shall constitute waiver in relation to all the Shares which that Member holds.
- 11.6 The inadvertent failure of a Director who convenes a Members Meeting to give notice of a Members Meeting to a Member or another Director, or the fact that a Member or another Director has not received notice, does not invalidate the Members Meeting.

12 PROCEEDINGS AT MEETINGS OF MEMBERS

- 12.1 No business shall be transacted at any Members Meeting unless a quorum of Members is present at the time when the Members Meeting proceeds to business. A Members Meeting is duly constituted if, at the commencement of the Members Meeting, there are present in person (or by Proxy) holders of a Majority of the voting rights of the Shares or class or series of Shares entitled to vote on the resolutions to be considered at the Members Meeting. A quorum may comprise a single Member (or Proxy) and then such person may pass a Resolution of Members and a certificate signed by such Member (accompanied by a copy of the proxy instrument if such person is a Proxy) shall constitute a valid Resolution of Members.

- 12.2 A Member shall be deemed to be present at a Members Meeting if:
- (a) the Member (or its Proxy) participates by telephone or other electronic means; and
 - (b) all Members and Proxies participating in the Members Meeting are able to hear each other.
- 12.3 Subject to Sub-Regulation 12.4, if a Members Meeting is convened upon the requisition of a Director or in any other case and a quorum is not present within two hours from the time appointed for the Members Meeting, the Members Meeting shall stand adjourned to the next business day in the jurisdiction in which the Members Meeting was to have been held at the same time and place or to such other time and place as the Directors may determine by a Resolution of Directors. If, at the adjourned Members Meeting, there are present within one hour from the time appointed for the adjourned Members Meeting in person or by Proxy not less than one third voting rights of the Shares or class or series of Shares entitled to vote on the matters to be considered by the Members Meeting, those present shall constitute a quorum but otherwise the Members Meeting shall be dissolved.
- 12.4 If a Members Meeting is convened upon the requisition of the Members, and a quorum is not present within two hours from the time appointed for the Members Meeting, the Members meeting shall be dissolved.
- 12.5 The Chairperson may, with the consent of the Members at the Members Meeting, adjourn any Members Meeting from time to time, and from place to place, but no business shall be transacted at any adjourned Members Meeting other than the business left unfinished at the Members Meeting from which the adjournment took place.
- 12.6 A resolution put to the vote in a Members Meeting shall be decided on a show of hands by the Members holding a Majority of the voting rights of the Shares or class or series of Shares entitled to vote on Resolutions of Members to be considered at the Members Meeting.
- 12.7 A declaration by the Chairperson that a Resolution of Members has, on a show of hands been approved, and an entry is made to that effect in the Minute Book, shall be sufficient evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such Resolution of Members.
- 12.8 At any Members Meeting, the Chairperson is responsible for deciding in such manner as he or she considers appropriate, whether any resolution proposed has been carried or not and the result of his or her decision shall be announced to the Members Meeting and recorded in the minutes of the Members Meeting. If the Chairperson has any doubt as to the outcome of the vote on a proposed resolution, he or she shall cause a poll to be taken of all votes cast upon such resolution. If the Chairperson fails to take a poll then any Member present in person or by Proxy who disputes the announcement by the Chairperson of the result of any vote may immediately following such announcement demand that a poll be taken and the Chairperson shall cause a poll to be taken. If a poll is taken at any Members Meeting, the result shall be announced to the Members Meeting and recorded in the minutes of the Members Meeting.
- 12.9 The right of any individual to speak for or represent a Member who is not an individual shall be determined by the law of the jurisdiction where, and by the documents by which, such Member is constituted or derives its existence. In case of doubt, the Directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the Directors may rely and act upon such advice without incurring any liability to any Member or the Company.
- 12.10 Any Member who is not an individual may, by resolution of its directors or other governing body, authorise such individual as it thinks fit to act as its representative at any Members Meeting or of any meeting of a

class of Members, and such individual shall be entitled to exercise the same rights on behalf of the Member which he or she represents as that Member could exercise if it were an individual Member.

- 12.11 The Chairperson of any Members Meeting at which a vote is cast by Proxy or on behalf of any Eligible Person other than an individual may call for a notarially certified copy of such Proxy or authority which shall be produced within seven (7) days of being so requested or the votes cast by such Proxy or on behalf of such Eligible Person shall be disregarded.
- 12.12 The Directors may attend and speak at any Members Meeting and at any separate Members Meeting of the holders of any class or series of Shares.
- 12.13 An action that may be taken by the Members at a Members Meeting may also be taken by a Resolution of Members consented to in writing by a Majority of the votes of Shares entitled to vote and voting thereon, without the need for any notice. If any Resolution of Members is adopted otherwise than by the unanimous written consent of all Members, a copy of such resolution shall forthwith be sent to all Members not consenting to such resolution. The consent may be in the form of counterparts, each counterpart being signed by one or more Members. If the consent is in one or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the earliest date upon which Eligible Persons holding a sufficient number of votes of Shares to constitute a Resolution of Members have consented to the resolution by signed counterparts.
- 12.14 If the Company has only one Member the provisions herein contained for a Members Meeting do not apply and such sole Member has full power to represent and act for the Company in all matters as are by the Act, the Memorandum or these Articles required to be exercised by the Members. In lieu of minutes of a Members Meeting, the sole Member shall record in writing and sign a note or memorandum of all matters requiring a Resolution of Members. Such a note or memorandum constitutes sufficient evidence of such Resolutions of Members for all purposes.
- 12.15 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairperson at which the show of hands takes place, or at which the poll is demanded, shall not be entitled to a second or casting vote.

13 MEMBER'S REPRESENTATION AT A MEETING BY PROXY

- 13.1 A Member may be represented at a Members Meeting by a Proxy (or Proxies, where the Shares held by that Member are attributed to different Proxies) who may speak and vote on behalf of that Member.
- 13.2 The instrument appointing the Proxy must be produced:
- (a) at the place designated for the Members Meeting to take place at which the Proxy proposes to vote; and
 - (b) before the time the Members Meeting at which the Proxy proposes to vote is scheduled to take place,
- unless the notice of the Members Meeting at which the Proxy proposes to vote has specified an alternative or additional place or time at which the Proxy shall be presented.
- 13.3 The instrument appointing a Proxy shall be in writing and substantially the following form, or such other form as the Chairperson shall accept as properly evidencing the wishes of the Member, appointing the Proxy:

Company Name: _____ (the "Company")

Company Number: _____

In this appointment of a proxy, except where the context otherwise requires (or except where terms are defined herein) words and expressions shall have the same meanings assigned to them in the Company's memorandum and articles of association.

I am/We are a Member of the Company **HEREBY APPOINT:**

_____ of _____

or failing him/her

_____ of _____

to be my/our proxy to vote for me/us at the Members Meeting to be held on _____

at _____ and at any adjournment thereof.

(Any restrictions on voting to be inserted here.)

Signed by: (Name of Member)

Date:

- 13.4 Where Shares are held jointly, by two or more Eligible Persons:
- (a) each of the Eligible Person that holds Shares jointly may be present in person (or by Proxy) at a Members Meeting and may speak as a Member;
 - (b) if only one of the joint owners is present at a Members Meeting, in person or by Proxy, he or she may vote on behalf of all joint owners of the Share(s);
 - (c) if two or more of the joint owners are present at a Members Meeting, in person or by Proxy, they must vote as one; and
 - (d) if two or more of the joint owners are present at a Members Meeting, in person or by Proxy, and vote, it is the vote of the joint owner whose name appears first among such voting joint holders in the Register of Members alone that shall be counted.

14 APPOINTMENT AND REMOVAL OF DIRECTORS

- 14.1 The first Director(s) shall be appointed by the Registered Agent within six (6) months of the date of incorporation of the Company. Thereafter, the Directors shall be appointed and removed in accordance with the provisions of this Regulation 14.
- 14.2 The minimum number of Directors shall be two (to consist of at least one non-executive Director and one executive Director), and the maximum number of Directors shall be seven (unless otherwise determined by the Members by a Resolution of Members).
- 14.3 The Board of Directors shall, at all times, comprise at least one individual with satisfactory expertise in respect of the Listing Rules.
- 14.4 The Directors shall have power at any time (upon a recommendation of the Nomination Committee) to appoint any individual, eligible to act as a Director pursuant to the Act, the Listing Rules and these Articles, to be a Director either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number (if any) fixed pursuant to these Articles. The

appointment of a person to fill a vacancy or as an additional Director shall take effect from the end of the meeting.

14.5 (a) Subject to Sub-Regulation 14.6, at the first annual general meeting of the Company, one third of the Directors shall retire from office, (being those Directors who are required by the Resolution of Members or Resolution of Directors appointing them to be subject to the first rotation) . At each annual general meeting thereafter (except where there are less than three Directors) not less than one-third of the Directors shall retire from office (the "**Rotation Date**").

(b) Subject to the provisions of these Articles, the Directors to retire by rotation on each Rotation Date shall be those of the Directors who have been longest in office since their last appointment or re-appointment but, as between persons who became or were last reappointed Directors on the same Rotation Date, those to retire shall (unless otherwise agreed between themselves or by the resolutions appointing them to office) be determined by lot. The Directors to retire on each Rotation Date (both as to number and identity) shall be determined by the composition of the Board of Directors at the start of business on the date of the notice convening the annual general meeting and no Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after that time on the date of the notice but before the close of the meeting.

14.6 Notwithstanding Sub-Regulation 14.5 of these Article, a Director will cease to be a Director prior to his/her Rotation Date:

(a) if he or she becomes disqualified to act as a Director under the Act, these Articles or the Listing Rules (following which his or her office as Director shall be automatically terminated if he or she has not resigned in accordance with the Act); or

(b) upon his or her death; or

(c) upon his or her resignation from office, in accordance with Sub-Regulation 14.9 of these Articles; or

(d) upon his or her removal from office (i) with cause, by a Resolution of Directors or (ii) without cause, by a Resolution of Members.

14.7 If the Company does not fill the vacancy at the meeting at which a Director retires by rotation or otherwise, the retiring director shall, if willing to act, be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re-appointment of the Director is put to the meeting and lost.

14.8 No Eligible Person shall be:

(a) appointed as a Director or as an Alternate Director; or

(b) nominated as a Reserve Director,

unless he or she has consented in writing to be a Director, an Alternate Director, or to be nominated as a Reserve Director (as applicable).

14.9 A Director may resign his or her office by giving written notice of his or her resignation to the Company. Such resignation has effect from the date the notice is received by the Company at the Registered Office or from such later date as may be specified in the resignation notice. A Director shall resign forthwith as a Director if he or she is, or becomes, disqualified from acting as a Director under the Act.

- 14.10 The following are disqualified for appointment as a Director:
- (a) an individual who is under 18 years of age;
 - (b) a person who is a disqualified person within the meaning of section 260(4) of the Insolvency Act;
 - (c) a person who is a restricted person within the meaning of section 409 of the Insolvency Act; and/or
 - (d) an undischarged bankrupt.
- 14.11 Sections 114(2) and 114(3) of the Act shall not apply to the Company. A Director may be removed from office, with or without cause, by a Resolution of Members.
- 14.12 Sections 114(5) of the Act shall not apply to the Company. A Director may be removed from office, with or without cause, by a Resolution of Directors.
- 14.13 A vacancy in relation to Directors occurs if a Director dies or otherwise ceases to hold office prior to the expiration of his or her term of office.
- 14.14 A Director does not have to hold any Shares, but nevertheless shall be entitled to attend and speak at any Director Meeting and at any Members Meeting and at any separate meeting of the holders of any class of Shares.
- 14.15 The Members shall be entitled (by Resolution of Members) to appoint two observers to the Board of Directors (the "**Board Observers**"). The Board Observers shall be invited to attend all meetings of the Directors (or to review all draft written resolutions of Directors, as applicable) and may participate in discussions of the Board of Directors and offer his or her views for consideration by the Board of Directors. No Board Observer shall have a right to vote on matters brought before the Board of Directors and such Board Observer's presence will not be necessary to establish a quorum at any meeting of the Directors.

15 ALTERNATE DIRECTORS

- 15.1 Subject to Sub-Regulation 14.8, a Director may appoint an Eligible Person (who is not disqualified from being a director) to be his or her Alternate Director to:
- (a) exercise the powers of the Appointing Director; and
 - (b) carry out the Appointing Director's responsibilities,
- in relation to taking decisions by the Directors in the absence of the Appointing Director.
- 15.2 An Alternate Director has the same rights as the Appointing Director in relation to any Resolution of Directors.
- 15.3 Any exercise by an Alternate Director of the Appointing Director's powers in relation to the taking of decisions by the Directors, is as effective as if the powers were exercised by the Appointing Director.
- 15.4 The Appointing Director may, at any time, terminate the Alternate Director's appointment.
- 15.5 The appointment of an Alternate Director and the termination of an Alternate Director's appointment must be made in writing and written notice shall be given by the Appointing Director to the Company as soon as reasonably practicable so the appointment/termination can be noted on the Register of Directors.

15.6 An Alternate Director has no power to appoint an alternate, whether of the Appointing Director or of the Alternate Director.

15.7 An Alternate Director does not act as an agent of or for the Appointing Director.

16 RESERVE DIRECTORS

16.1 Subject to Sub-Regulation 14.8, a Controller may, by instrument in writing, nominate an Eligible Person (who is not disqualified from being a director) as a Reserve Director to act in his or her place in the event of his or her death.

16.2 The nomination of a Reserve Director ceases to have effect if before the death of the Controller:

- (a) he or she resigns as Reserve Director; or
- (b) the Controller revokes the nomination (in writing); or
- (c) the Controller ceases to be the sole Director and sole Member for any reason other than his or her death.

16.3 The nomination of a Reserve Director and the written cessation of a Reserve Director's nomination must be made in writing and written notice shall be given by the Controller to the Company as soon as reasonably practicable, so the nomination/cessation can be noted on the Register of Directors.

17 REGISTER OF DIRECTORS

17.1 The Company shall maintain a Register of Directors that shall contain such information as is prescribed in the Act, a copy of which must be filed with the Registrar within:

- (a) 14 days of the appointment of the first Director(s); and
- (b) 21 days of any changes occurring to the Register of Directors.

17.2 The Register of Directors may be kept in any such form as the Directors may approve, but if it is in magnetic, electronic or other data storage form, the Company must be able to produce legible evidence of its contents. Until a Resolution of Directors determining otherwise is passed, the magnetic, electronic or other data storage shall be the original Register of Directors.

17.3 The Register of Directors is *prima facie* evidence of any matters directed or authorised by the Act to be contained therein.

18 DUTIES OF DIRECTORS

18.1 When exercising his or her powers or performing his or her duties, a Director shall act honestly and in good faith and in a manner which he or she believes to be in the best interests of the Company.

18.2 Notwithstanding Sub-Regulation 18.1 (even though it may not be in the best interests of the Company) a Director may act in a manner which he or she believes is in the best interests of:

- (a) the Parent, if the Company is a wholly-owned Subsidiary;

- (b) the Parent, if the Company is a Subsidiary (but not a wholly-owned Subsidiary) and the Members (other than the Parent) have provided their prior agreement to the Director acting in this manner; and
 - (c) the Member(s), if the Company is carrying out a joint venture between the Members and those actions are limited to actions connected to or with the joint venture.
- 18.3 Each Director shall exercise his or her powers as a Director for a proper purpose and shall not act, or agree to the Company acting, in a manner that contravenes the Act, the Memorandum or these Articles.
- 18.4 When exercising his or her powers and/or carrying out his or her duties, each Director must act in good faith, make proper inquiry where the need for the inquiry is indicated by the circumstances and have no knowledge that his or her reliance on the Company Records and/or such other information prepared for or supplied to him or her is not warranted.
- 18.5 When exercising his or her powers and/or carrying out his or her duties, each Director:
 - (a) shall exercise the care, diligence, and skill that a reasonable director would exercise in the same circumstances taking into account, but without limitation the nature of the Company, the nature of the decision, the position of the Director and the nature of the responsibilities undertaken by him or her; and
 - (b) is, subject to Sub-Regulation 18.5(a), entitled to rely upon:
 - (i) the Company Records and/or such other information prepared for or supplied to the Director;
 - (ii) professional or expert advice given, by: (A) an employee of the Company whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned; (B) a professional adviser or expert in relation to matters which the Director believes on reasonable grounds to be within the person's professional or expert competence; and/or (C) any other Director, or Committee upon which the Director did not serve, in relation to matters within the Director's or Committee's designated authority.

19 DISCLOSURE OF INTERESTS

- 19.1 A Director shall, forthwith after becoming aware of the fact that he or she is interested in a transaction entered into or to be entered into by the Company, disclose such interest to the other Directors, unless the transaction or proposed transaction:
 - (a) is between the Director and the Company; and
 - (b) is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

For the avoidance of doubt, a disclosure is only made when it is brought to the attention of every Director.
- 19.2 For the purposes of Sub-Regulation 19.1, the disclosure by a Director that he or she is a member, director, officer or trustee of another named entity or other Eligible Person, or has a fiduciary relationship with respect to the entity or other Eligible Person, and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure of interest, be entered into with the Company or that Director, is a sufficient disclosure of interest in relation to that transaction.

19.3 A transaction entered into by the Company in respect of which a Director is interested is voidable by the Company unless the Director's interest was disclosed in accordance with Sub-Regulation 19.1 prior to the Company entering into the transaction.

19.4 Notwithstanding Sub-Regulation 19.3, a transaction entered into by the Company in respect of which a Director is interested is not voidable by the Company if:

- (a) the material facts of the interest of the Director in the transaction are known by the Members entitled to vote at a Members Meeting and the transaction is approved or ratified by a Resolution of Members; or
- (b) the Company received fair value for the transaction.

A determination as to whether or not the Company receives fair value for a transaction shall be made on the basis of the information known to the Company and the interested Director at the time that the transaction was entered into.

19.5 A Director who is interested in a transaction entered into or to be entered into by the Company may:

- (a) vote on a matter relating to the transaction;
- (b) attend a Director Meeting at which a matter relating to the transaction arises and be included among the Directors present at the Director Meeting for the purposes of a quorum; and
- (c) sign a document on behalf of the Company, or do any other thing in his or her capacity as a Director, that relates to the transaction,

and, subject to compliance with the Act shall not, by reason of his office be accountable to the Company for any benefit which he derives from such transaction and no such transaction shall be liable to be avoided on the grounds of any such interest or benefit.

20 POWERS OF DIRECTORS

20.1 The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors. The Directors have all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company. The Directors may pay all expenses incurred preliminary to and in connection with the incorporation of the Company and may exercise all such powers of the Company as are not by the Act, by the Memorandum or by these Articles required to be exercised by the Members.

20.2 Any Director which is a body corporate may appoint any individual as its duly authorised representative for the purpose of representing it at Director Meeting, with respect to the signing of consents or otherwise.

20.3 The Directors may by Resolution of Directors exercise all the powers of the Company to incur indebtedness, liabilities or obligations and to secure indebtedness, liabilities or obligations whether of the Company or of any third party.

20.4 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by Resolution of Directors.

20.5 Section 175 of the Act shall not apply. The Directors may, by Resolution of Directors, determine that any sale, transfer, lease, exchange or other disposition is in the usual or regular course of the business carried on by the Company and such determination is, in the absence of fraud, conclusive.

20.6 The continuing Directors may act notwithstanding any vacancy in their body.

21 PROCEEDINGS OF DIRECTORS

21.1 The Directors or any Committee may meet at such times and in such manner and places within or outside the British Virgin Islands as the Directors may determine to be necessary or desirable.

21.2 Any Director may call a Director Meeting by sending a written notice to each other Director and the Board Observers. Subject to Sub-Regulation 21.3, a Director shall be given not less than three (3) Business Days' notice of a Director Meeting.

21.3 A Director Meeting held without (or on less than) three (3) Business Days' notice being given to all of the Directors is valid if all of the Directors entitled to vote at the Director Meeting who do not attend have waived the notice of the Director Meeting. For the avoidance of doubt, the presence of a Director at the Director Meeting shall constitute a waiver by that Director (unless he or she objects in writing before or at the Director Meeting).

21.4 The inadvertent failure to give notice of a Director Meeting, or the fact that a Director has not received the notice, shall not invalidate the Director Meeting.

21.5 A Director Meeting is duly constituted for all purposes if at the commencement of the Director Meeting there are present in person (or by its Alternate Director) a Majority of the total number of Directors, unless there are only two (2) Directors in which case the quorum will be two (2).

21.6 A Director shall be deemed to be present at a Director Meeting if:

- (a) the Director (or by its Alternate Director) participates by telephone or other electronic means; and
- (b) all Directors (or by its Alternate Director) participating in the Director Meeting are able to hear each other.

21.7 If within half an hour from the time appointed for the Director Meeting a quorum is not present, the Director Meeting shall be dissolved.

21.8 At a Directors Meeting, the Directors may elect a Chairperson of the Board and determine the period for which he or she is to hold office. If no such Chairperson of the Board is elected, or if at any Director Meeting the Chairperson of the Board is not present at the time appointed for holding the Director Meeting, the Directors present may choose one of their number to be Chairperson of the Board for the Director Meeting. If the Directors are unable to choose a Chairperson of the Board, for any reason, then the longest serving Director present at the Director Meeting shall preside as the Chairperson of the Board.

21.9 Questions arising at any Director Meeting shall be decided by a Majority of votes. In case of an equality in votes the Chairperson of the Board shall have a second or casting vote.

21.10 Any action that may be taken by the Directors at a Directors Meeting or by a Committee Members at a Committee Meeting may also be taken by a Resolution of Directors or a resolution of a Committee Members consented to in writing by a Majority of Directors or by a Majority of Committee Members, as the case may be, without the need for any notice. The consent may be in the form of counterparts each counterpart being signed by one or more Directors. If the consent is in one or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the date upon which the last Director has consented to the resolution by signed counterparts.

- 21.11 If the Company has only one Director the provisions herein contained for Director Meetings do not apply and such sole Director has full power to represent and act for the Company in all matters as are not by the Act, the Memorandum or these Articles required to be exercised by the Members. In lieu of minutes of a Director Meeting the sole Director shall record in writing and sign a note or memorandum of all matters requiring a Resolution of Directors. Such a note or memorandum constitutes sufficient evidence of such Resolution of Directors for all purposes.

22 DIRECTOR COMMITTEES

- 22.1 Subject to Sub-Regulation 22.2, the Directors may designate one or more Director Committees and delegate any one or more of their powers, including the power to affix the Seal, to the Director Committee.
- 22.2 The Directors have no power to delegate any of the Prohibited Powers to a Director Committee.
- 22.3 Where the Directors delegate their powers to a Director Committee, they remain responsible for the exercise of that power by the Director Committee, unless they believed on reasonable grounds that at all times before the exercise of the power that the Director Committee would exercise the power in conformity with the duties imposed on directors by the Act.
- 22.4 A Director Committee, where authorised by the Resolution of Directors appointing such Director Committee or by a subsequent Resolution of Directors, may appoint a sub-committee and delegate powers exercisable by the Director Committee to the sub-committee.
- 22.5 A Director Committee Meeting, consisting of two or more Directors, shall be governed *mutatis mutandis* by the provisions of these Articles regulating the proceedings of Directors so far as the same are not superseded by any provisions in the Resolution of Directors establishing the Director Committee.

23 COMMITTEES

- 23.1 The Directors shall, by Resolution of Directors, constitute:
- (a) a Committee to identify prospective directors and make recommendations on appointments to the Board of Directors and the senior most level of executive management (the "**Nomination Committee**"). The Nomination Committee shall comprise a maximum of three Committee Members with at least one Director (who is not up for election on the next Rotation Date) and two Eligible Persons, who do not exercise any management role in respect of the Company. Each member of the Nomination Committee (and its chairperson) shall be appointed to, and removed from, the Nomination Committee, by a Resolution of Members,
 - (b) a Committee to recommend to the Board of Directors or determine (as applicable), the emoluments from time to time of the Group's employees and directors (the "**Remuneration Committee**"). The Remuneration Committee shall comprise a minimum of two and a maximum of three Committee Members, each of whom shall (together with the election of a chairperson) be appointed by a Resolution of Directors;
 - (c) a Committee to review the Group's annual financial statements before submission to the Board of Directors for approval, and to review reports from management and the auditors of the Group on accounting and internal control matters (the "**Audit Committee**"). The Audit Committee shall comprise a maximum of three Committee Members, each of whom (together with election of a chairperson) shall be appointed by a Resolution of Directors; and
 - (d) such other Committee, with such powers and on such terms, as may be designated by a Resolution of Directors.

- 23.2 The Directors have no power to delegate any of the Prohibited Powers, or the power to fix emoluments of Directors, to a Committee.
- 23.3 Where the Directors delegate their powers to a Committee, they remain responsible for the exercise of that power by the Committee, unless they believed on reasonable grounds that at all times before the exercise of the power that the Committee would exercise the power in conformity with the duties imposed on directors by the Act.
- 23.4 The quorum necessary for the transaction of any business of a Committee Meeting shall be at least two members, including the chairman of the relevant Committee.
- 23.5 The chairman and the majority of the members of the Audit Committee and the Remuneration Committee shall be non-executive Directors.

24 OFFICERS

- 24.1 The Directors may, by a Resolution of Directors, appoint an Eligible Person to be an Officer at such times as shall be considered necessary or expedient, to include a chief financial officer and a chief executive officer.
- 24.2 The emoluments of all Officers shall be fixed by Resolution of Directors (upon a recommendation put to the Board of Directors by the Remuneration Committee).
- 24.3 An Officer:
- (a) does not need be a Director or Member; and
 - (b) may hold more than one office in the Company (e.g. it may be the secretary and the vice-president of the Company).
- 24.4 Each Officer shall:
- (a) hold office until its successor is duly appointed or it is removed, with or without cause, by Resolution of Directors; and
 - (b) perform such duties as shall be prescribed at the time of their appointment, subject to any modifications in such duties as may be prescribed by the Directors thereafter. In the absence of any specific prescription of duties (i) the chief executive officer shall have general and active management of the business of the Company and shall see that all orders and resolutions of the Board of Directors are carried into effect and (ii) the chief financial officer shall have responsibility for the financial affairs of the Company.
- 24.5 Each Officer may (acting individually or jointly with any other Officer or Director) execute deeds, powers of attorney, bank account opening documents and all other contracts, agreements and documents to be entered into by the Company that such Officer reasonably believes are within the scope of his or her express or implied authority to act on behalf of the Company. Where there is any doubt as to the scope of such authority, the document shall not be executed by an Officer until approved by Resolution of Directors.
- 24.6 No Officer shall be permitted to carry out any of the Prohibited Powers and no Officer shall have any power or authority to:
- (a) change the Registered Agent of the Registered Office; or
 - (b) fix emoluments of Directors; or

- (c) authorise the Company to continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands.

24.7 Any vacancy occurring in any office of the Company may be filled by Resolution of Directors.

24.8 An Officer that is a body corporate may appoint any person as its duly authorised representative for the purpose of representing it and of transacting any of the business of an Officer.

25 AGENTS

25.1 The Directors may, by Resolution of Directors, appoint an Eligible Person to be an Agent.

25.2 An Agent has no right to carry out any of the Prohibited Powers.

25.3 Subject to Sub-Regulation 25.2, an Agent shall have such powers and authority of the Directors, including the power and authority to affix the Seal and to exercise the power and authority granted in the Memorandum, these Articles or in the Resolution of Directors appointing the Agent, except that no Agent has any power or authority to:

- (a) change the Registered Agent of the Registered Office; or
- (b) fix emoluments of Directors; or
- (c) authorise the Company to continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands.

25.4 The Resolution of Directors appointing an Agent may authorise the Agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the Agent by the Company.

25.5 The Directors may remove an Agent and may revoke or vary a power conferred on him or her by a Resolution of Directors.

26 INDEMNIFICATION AND INSURANCE

26.1 Subject to the provisions of the Act and the limitations provided in this Regulation 26, the Company may indemnify (out of the assets of the Company against all expenses, including legal fees, and against all judgements, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings) any Eligible Person who is or was:

- (a) a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the Eligible Person is or was a Director, Officer, Committee Member or agent of the Company; or
- (b) at the request of the Company, serving as a director of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise,

(each, an "**Indemnified Person**").

26.2 Sub-Regulation 26.1 does not apply unless the Indemnified Person acted honestly and in good faith and in what he or she believed to be in the best interests of the Company and, in the case of criminal proceedings, the Eligible Person had no reasonable cause to believe that his or her conduct was unlawful.

- 26.3 For the purposes of Sub-Regulation 26.2, an Indemnified Person acts in the best interests of the Company if he or she acts in the best interests of the Parent or Member (or Members), in either case, in the circumstances specified in the Act, as the case may be.
- 26.4 The decision of the Directors as to whether the Indemnified Person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the Indemnified Person had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of these Articles, unless a question of law is involved.
- 26.5 The termination of any proceedings by any judgement, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the Indemnified Person did not act honestly and in good faith and with a view to the best interests of the Company or that the Indemnified Person had reasonable cause to believe that his or her conduct was unlawful.
- 26.6 Expenses, including legal fees, incurred by an Indemnified Person in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the Indemnified Person to repay the amount if it shall ultimately be determined that the Indemnified Person is not entitled to be indemnified by the Company in accordance with Sub-Regulation 26.1 and upon such other terms and conditions, if any, as the Company deems appropriate.
- 26.7 The indemnification and advancement of expenses provided by, or granted pursuant to, this Regulation 26 is not exclusive of any other rights to which the Indemnified Person seeking indemnification or advancement of expenses may be entitled under any agreement, Resolution of Members, resolution of disinterested directors or otherwise, both as to acting in the Indemnified Person's official capacity and as to acting in another capacity while serving as a Director, Officer, Committee Member or Agent.
- 26.8 If an Indemnified Person referred to in Sub-Regulation 26.1 has been successful in defence of any proceedings referred to Sub-Regulation 26.1, the Eligible Person is entitled to be indemnified against all expenses, including legal fees, and against all judgements, fines and amounts paid in settlement and reasonably incurred by the Indemnified Person in connection with the proceedings.
- 26.9 The Company shall not indemnify an Indemnified Person in breach of Sub-Regulation 26.2, and any indemnity given in breach of Sub-Regulation 26.2 is void and of no effect.
- 26.10 The Company may purchase and maintain insurance in relation to any Eligible Person who is or was a Director, Officer, Committee Member, Agent or liquidator of the Company, or who at the request of the Company is or was serving as a Director, Officer, Committee Member, Agent or liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise, against any liability asserted against the Eligible Person and incurred by the Eligible Person in that capacity, whether or not the Company has or would have had the power to indemnify the Eligible Person against the liability as provided in these Articles.

27 SEAL

- 27.1 The Company shall have a Seal and an imprint of the Seal shall be kept at the Registered Office.
- 27.2 The Company may have more than one Seal and references herein to the Seal shall be references to every Seal which shall have been duly adopted by Resolution of Directors.
- 27.3 Except as otherwise expressly provided herein the Seal when affixed to any written instrument shall be witnessed and attested to by the signature of any one Director or other Eligible Person so authorised from

time to time by Resolution of Directors. Such authorisation may be before or after the Seal is affixed, may be general or specific and may refer to any number of sealings.

- 27.4 The Directors may provide for a facsimile of the Seal and of the signature of any Director or authorised Eligible Person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been attested to as hereinbefore described.
- 27.5 A document requiring authentication or attestation by the Company may be signed by a Director, a secretary or by an authorised Agent, and need not be under its Seal.

28 ENTRY INTO CONTRACTS AND DEEDS

- 28.1 A contract may be entered into by the Company as follows:
- (a) a contract that, if entered into by an individual, would be required by law to be in writing and under seal, may be entered into by or on behalf of the Company in writing under the Seal, and may be varied or discharged in the same manner;
 - (b) a contract that, if entered into by an individual, would be required by law to be in writing and signed, may be entered into by or on behalf of the Company in writing and signed by an Eligible Person acting under the express or implied authority of the Company, and may be varied or discharged in the same manner; and
 - (c) a contract that, if entered into by an individual, would be valid although entered into orally, and not reduced to writing, may be entered into orally by or on behalf of the Company by an Eligible Person acting under the express or implied authority of the Company, and may be varied or discharged in the same manner.
- 28.2 A contract entered into in accordance with this Regulation 28 is valid and is binding on the Company and its successors and all other parties to the contract.
- 28.3 Notwithstanding Sub-Regulation 28.1, an instrument or deed executed by or on behalf of the Company by a Director or an authorised Agent is not invalid by reason only of the fact that the Seal is not affixed to the instrument or deed.
- 28.4 Notwithstanding Sub-Regulation 28.1, an instrument is validly executed by the Company as a deed or an instrument under seal if it is either:
- (a) sealed with the Seal and witnessed by a Director; or
 - (b) is expressed to be, or is expressed to be executed as, or otherwise makes clear on its face that it is intended to be, a deed and it is signed by a Director or by an Eligible Person acting under the express or implied authority of the Company.

29 REGISTER OF CHARGES

- 29.1 The Company must maintain a Register of Charges at the Registered Office, which must confirm:
- (a) the name and address of each secured party;
 - (b) details of each security document it has entered into that creates a charge over the Company's assets;

- (c) a short description of the liabilities secured and property charged by each security document; and
 - (d) details of any prohibition or restrictions on the Company's power to create any future charges.
- 29.2 If a charge entered on the Register of Charges is amended, the Company must notify its Registered Agent within 14 days of such change, so the Register of Charges can be updated.
- 29.3 The Company may elect to file a copy of its Register of Charges with the Registrar, to make it available for public inspection and to obtain priority ranking for the secured party.

30 COMPANY RECORDS

- 30.1 The Company shall keep the following at the Registered Office:
- (a) the Memorandum and these Articles;
 - (b) the Company Records;
 - (c) copies of all notices and other documents filed by the Company in the previous ten years;
 - (d) the Register of Charges; and
 - (e) an imprint of the Seal.
- 30.2 The Company shall keep the Company Records at the Registered Office or at such other place(s) or places, within or outside the British Virgin Islands, as the Directors may determine. Until the Directors determine otherwise by Resolution of Directors, the Company shall keep the original Registers at the Registered Office.
- 30.3 If a copy of the Registers (rather than the original) is not maintained at the Registered Office, the Company must inform the Registered Agent (in writing) of any change to the Register and provide the Registered Agent with a copy of the updated Register, within 15 days of such change.
- 30.4 If any of the Company Records are kept in a location other than the Registered Office, the Company shall provide the Registered Agent with a written record of:
- (a) the physical address of the place at which each of the Company Records are kept; and
 - (b) the name of the person who maintains and controls each of the Company Records.
- 30.5 If the location at which any of the Company Records are kept, or the name of the person who maintains and controls any of the Company Records changes, the Company shall, within 14 days of the change provide its Registered Agent with:
- (a) the physical address of the place at which each of the Company Records are kept; and
 - (b) the name of the person who maintains and controls each of the Company Records.
- 30.6 The Company Records shall be open to the inspection of the Directors at all times.
- 30.7 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions the Company Records or any of them shall be open to the inspection of Members (not being Directors), and no Member (not being a Director) shall have any right to inspect any Company Records except as conferred by the Act or authorised by a Resolution of Directors.

30.8 The Company Records shall be in written form or either wholly or partly as electronic records complying with the requirements of the Electronic Transactions Act.

31 ACCOUNTS AND AUDITORS

31.1 The Company shall maintain records and documents (and underlying documentation), which are sufficient to show and explain the Company's transactions and enable the Company (at any time) to determine the financial position of the Company with reasonable accuracy (the "**Records and Documents**"), which for the avoidance of doubt includes accounts in relation to:

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the Company; and
- (c) the assets and liabilities of the Company;

31.2 The Company may by Resolution of Shareholders call for the Directors to prepare periodically and make available a profit and loss account and a balance sheet (the "**Balance Sheet**"). The Balance Sheet shall be drawn up so as to give respectively a true and fair view of the profit and loss of the Company for a financial period and a true and fair view of the assets and liabilities of the Company as at the end of a financial period.

31.3 The Company may by Resolution of Shareholders call for the accounts to be examined by auditors.

31.4 The Company may appoint an auditor (the "**Auditor**"). The Auditors shall be appointed by Resolution of Shareholders or by Resolution of Directors.

31.5 A Member may be an Auditor. However, no Director or Officer can be an Auditor during their continuance in office.

31.6 The remuneration of the Auditors may be fixed by the Remuneration Committee.

31.7 The Auditors shall examine each Balance Sheet required to be laid before a Members Meeting or otherwise given to Members and shall state in a written report whether or not:

- (a) in their opinion the Balance Sheet give a true and fair view respectively of the profit and loss for the period covered by the accounts, and of the assets and liabilities of the Company at the end of that period; and
- (b) all the information and explanations required by the Auditors have been obtained.

31.8 The report of the Auditors shall be annexed to the accounts and shall be read at the Members Meeting at which the accounts are laid before the Company or shall be otherwise given to the Members.

31.9 The Auditors shall be entitled to receive notice of, and to attend any Members Meeting at which the Balance Sheet is to be presented.

31.10 Each Auditor shall, at all times, have the right to access the Company Records, and shall be entitled to such information and explanations as he or she thinks necessary for the performance of his or her duties.

31.11 The Company shall publish or file consolidated annual and half yearly financial statements, pursuant to and in accordance with the Listing Rules.

32 NOTICES

- 32.1 Any communication to be made under or in connection with the Memorandum or these Articles shall be made in writing and, unless otherwise stated, in accordance with this Regulation 32.
- 32.2 The address for any communication or document to be made or delivered under or in connection with the Memorandum or these Articles is:
- (a) for each Member, the address shown in the Register of Members (where Shares are held jointly, to whichever Member is named first in the Register of Members and such notice shall be sufficient notice to all the holders of such Shares) or to such Member's email address or fax number as notified by the Member in writing from time to time;
 - (b) for each Director, the address shown in the Register of Directors or to such Director's email address or fax number as notified by the Director in writing from time to time; and
 - (c) for the Company, at its Registered Office.
- 32.3 Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by internationally recognised courier, addressed to the Company at its Registered Office, or by leaving it with or by sending it by internationally recognised courier to the Company at the offices of the Registered Agent.
- 32.4 Subject to Sub-Regulation 32.5, where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing notice, and shall be deemed to be received on the fifth Business Day following the day on which the notice was posted. Where a notice is sent by fax or email, notice shall be deemed to be effected by transmitting the email or fax to the address or number provided by the intended recipient and service of the notice shall be deemed to have been received on the same day that it was transmitted.
- 32.5 Any communication made or delivered to or from the Company or an Eligible Person in the British Virgin Islands under or in connection with the Memorandum or these Articles will only be effective when delivered by internationally recognised courier.

33 CONTINUATION

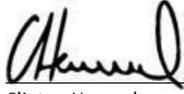
The Company may, by a Resolution of Directors or by a Resolution of Members, continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws and in accordance with the Act.

34 VOLUNTARY LIQUIDATION

- 34.1 The Company may be voluntarily liquidated under Part XII of the Act if it can satisfy the Solvency Test.
- 34.2 Subject to the Act, the Company may by Resolution of Shareholders or by Resolution of Directors appoint an eligible individual as voluntary liquidator (alone or jointly with one or more other voluntary liquidators).

We, CO Services (BVI) Ltd. of Rodus Building, P.O. Box 3093, Road Town, Tortola, VG1110, British Virgin Islands in our capacity as Registered Agent hereby apply to the Registrar for the incorporation of the Company this 22nd day of February, 2021.

Incorporator



Clinton Hempel
Authorised Signatory
CO Services (BVI) Ltd.

15 GENERAL TERMS AND CONDITIONS FOR SDRs

Smart Wires Technology Ltd

General Terms and Conditions of Swedish Depositary Receipts

May 2021

Smart Wires Technology Ltd, a company incorporated under the laws of the British Virgin Islands (the "BVI") and the British Virgin Islands Business Companies Act, 2004, as amended (the "Company") has commissioned Pareto Securities AB, reg. no. 556206-8956 ("Pareto Securities"), on behalf of the depositary receipt holders, to hold ordinary shares in the Company (the "Shares") in a depositary account and to issue one Swedish depositary receipt ("SDR") for each deposited Share in accordance with these general terms and conditions (the "General Terms and Conditions"). The SDRs shall be registered in Euroclear Sweden AB's ("Euroclear") register and listed on Nasdaq First North Growth Market ("Nasdaq First North").

1. Deposition of Shares, Registration and Transfer Restrictions, etc.

- 1.1 The Shares will be deposited on behalf of SDR Holders (as defined below) in an account held by Pareto Securities, or with a custodian appointed by Pareto Securities on account of Pareto Securities, and Pareto Securities, or the custodian appointed by Pareto Securities, shall be registered as owner of the Shares in the Company's share register located in the BVI, either held by the Company or by another BVI institution duly licensed to act as a registrar in accordance with BVI law and practices that are appointed by the Company and approved by Pareto Securities with an assignment to maintain a register of the Company's owners. These General Terms and Conditions apply to, among other things, the depositing of Shares, the issuance of SDRs, and the withdrawal of SDRs. In these General Terms and Conditions, an "SDR Holder" is defined as an owner of an SDR or its appointed custodian.
- 1.2 For each deposited Share, Pareto Securities shall issue one SDR. Pareto Securities does not accept deposits of partial Shares or of an uneven number of participation rights which does not entitle the holder to a whole number of Shares.
- 1.3 The SDRs shall be registered in a Swedish central securities depositary register ("CSD Register") maintained by Euroclear in accordance with the Swedish Central Securities Depositary and Financial Instruments Accounts Act (Sw. *Lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).
- 1.4 No physical securities or other certificates representing the SDRs will be issued and all SDRs will be in dematerialized form and freely transferable.
- 1.5 Pareto Securities has the right to refuse acceptance of Shares for deposit in accordance with these General Terms and Conditions if the transfer of such Shares is restricted pursuant to the laws of the United States, the BVI, Sweden or any other jurisdiction, decisions or actions by any Swedish or foreign governmental authorities, Euroclear or Nasdaq First North's rules and regulations or any other stock exchange rules (collectively, the "Regulations"), in order to observe and comply with such restrictions.
- 1.6 Pareto Securities and the Company shall establish arrangements, to the extent appropriate and practically possible and in accordance with the Regulations, such that the SDR Holders shall have the opportunity to exercise such rights with respect to the Company as would be exercisable by such SDR Holders if they had owned Shares directly and not SDRs.

2. Deposition and Withdrawal of Shares

- 2.1 Following payment of all taxes, charges and expenses that may be payable in connection with the deposit of Shares, and subject to the Regulations, Shares may be transferred to Pareto Securities for deposit in accordance with these General Terms and Conditions along with

proper instructions regarding name, address and securities account number in which the SDRs shall be registered, including any other information and documentation which may be required under, or deemed necessary to comply with, the Regulations. In particular, Shares that are restricted securities for the purposes of Rule 144(a)(3) under the US Securities Act of 1933, as amended, may only be deposited in connection with the immediate sale of SDRs representing such Shares through the facilities of Nasdaq First North and the provision of a certification and agreement to Pareto Securities or a custodian appointed by Pareto Securities.

- 2.2 Following payment of all taxes, charges and expenses that may be payable in connection with the deposit, the Shares may be transferred from the securities deposit provided it is not prohibited to do so pursuant to the Regulations, by an official order, or by the Company's Memorandum and Articles of Association, as applicable. Shares withdrawn from the securities deposit shall be transferred to the securities deposit allotted to the SDR Holder or as has been agreed upon between Pareto Securities and the SDR Holder after the re-registration of the Shares and after deregistration of corresponding SDRs in the CSD Register.
 - 2.3 Deposit and withdrawal of Shares pursuant to Section 2 may only be conducted through Pareto Securities in Sweden.
 - 2.4 Deposit and withdrawal of Shares pursuant to Section 2 may not occur ten days prior to the Record Date (as defined below) for the shareholders' meeting until after the day of the shareholders' meeting.
 - 2.5 Pareto Securities is entitled to compensation from SDR Holders for all fees and costs that occur in connection with the deposit or withdrawal pursuant to Section 2, in accordance with Pareto Securities' price list, as applicable.
- 3. Transfers and pledging of Shares, etc.**
- 3.1 Deposited Shares cannot be transferred or pledged in any other way than by transferring and pledging of the SDRs. Any transfer or pledge of SDRs must comply with the provisions of the Swedish Central Securities Depository and Financial Instruments Accounts Act and the Swedish Financial Instruments Trading Act (Sw. *Lag (1991:980) om handel med finansiella instrument*).
- 4. Listing of Depositary Receipts on Nasdaq First North**
- 4.1 The SDRs will be listed on Nasdaq First North. If the SDRs are delisted from Nasdaq First North, the Company shall as soon as possible inform Pareto Securities and the SDR Holders. Information given to SDR Holders must be submitted in the manner set out in Section 12 below.
- 5. Record Date**
- 5.1 Pareto Securities shall, in consultation with the Company, and subject to the Regulations and the Memorandum and Articles of Association of the Company, decide upon the date (the "**Record Date**") which shall be applied by Pareto Securities for determination of those SDR Holders who are entitled to:
 - (a) receive dividends in cash or other property;
 - (b) vote at the shareholders' meetings (either in person, pursuant to an instrument of proxy, or through Pareto Securities acting on the written instructions of such SDR Holders);
 - (c) receive Shares in connection with a bonus issue, subscribe for Shares, debentures or any other rights in relation to a new share issuance; and

(d) otherwise exercise rights normally accorded to shareholders of the Company.

It is Pareto Securities' and the Company's intention, where practically possible, that the Record Date in Sweden for dividends and other rights as described above, shall correspond to the record date in the BVI.

6. Dividends and Taxes, etc.

- 6.1 Payment of dividends shall be made in SEK to the person registered in the CSD Register on the Record Date as the SDR Holder or any other person entitled to the dividend.
- 6.2 Pareto Securities shall, in consultation with the Company, on each occasion of dividend distribution agree on a date for the payment of the dividend ("Date of Payment"). Payment of dividends to SDR Holders and other entitled holders shall on the Date of Payment be carried out by Euroclear in accordance with Euroclear's rules and regulations, as applicable.
- 6.3 Pareto Securities shall, before payment of dividend is made to the SDR Holder in accordance with these General Terms and Conditions, exchange dividends in foreign currency to SEK in accordance with Pareto Securities' applied exchange rate which is to be determined with regard to general market exchange rates. Exchange of foreign currency into SEK shall take place three (3) business days before the Date of Payment. The dividend amount per SDR is rounded down to the nearest 1/100 SEK.
- 6.4 Payment of dividends to SDR Holders or to anyone entitled to the dividend shall be made without deduction for any costs, charges or similar that is attributable to the Company, Pareto Securities or other. However, deductions shall be made for United States and Swedish preliminary tax, dividend withholding tax or other tax which is relevant pursuant to United States or Swedish law or agreements with foreign tax authorities, as well as any other tax requirements that may be imposed by Sweden, the BVI or the United States or any foreign country's applicable rules.
- 6.5 In conjunction with the payments of the dividends to the SDR Holders or anyone entitled to the dividend, the Company, Pareto Securities, or any other party, shall withhold and pay the required amount of tax to the tax authorities in the United States or the BVI, in the event that such an obligation exists. If the Company, Pareto Securities, or its representatives or agents are informed that the distribution of cash, shares, rights or other property subject to taxation or public charges, is to be withheld, the Company, Pareto Securities or its representatives or agents are entitled to withhold the cash, or to sell all or part of the property which is financially and practically necessary to pay such taxes and charges. The remaining proceeds, after deduction of taxes and charges, shall be paid by Pareto Securities to the entitled SDR Holders or anyone entitled to the dividend. SDR Holders are responsible for any deficiency in capital that may arise after such a disposal as described above. If Pareto Securities, or its representatives or agents deems that any obligation of withholding and payment of taxes cannot be fulfilled for any reason, they are entitled to refuse any such dividend or other distribution.
- 6.6 Pareto Securities shall attempt to provide SDR Holders with the information Pareto Securities has in its possession which SDR Holders may reasonably require in order to qualify for such benefits as are granted by an applicable tax treaty.
- 6.7 Pareto Securities shall in conjunction with the Company decide how non-monetary dividends shall be given to the SDR Holders. This could entail property being sold and the proceeds, following deductions for sale costs and taxes, being paid to the SDR Holders as outlined in Section 6.5 above.

6.8 If dividends are delivered to a recipient who is not entitled to receive dividends, Pareto Securities and the Company nevertheless shall be deemed to have fulfilled their respective obligations, except if Pareto Securities or the Company were aware of dividends being paid to an unauthorized receiver, or Pareto Securities or the Company failed to exercise reasonable care in the circumstances, or if the payment cannot be invoked because the recipient was a minor and the guardian pursuant to the Swedish Code on Parents, Guardians and Children had been appointed as a recipient and such guardianship included receiving dividends.

7. Bonus Issues, Split and Consolidation of Shares

7.1 In the event of a bonus issue, Pareto Securities shall receive the Shares at the earliest possible time and, subject to any applicable securities laws restrictions, issue an equal number of SDRs to each entitled SDR Holder, as well as executing a change of SDR that corresponds, pro rata, with the split respectively or the consolidation of the Shares, by ensuring that the necessary registration measures are taken concerning the securities deposits belonging to the SDR Holders who are entitled to such entitlements.

7.2 Persons who on the Record Date are registered in the CSD Register as an SDR Holder or holder of a right in respect to the measure being implemented, shall be entitled to participate in bonus issues, splits and consolidation of Shares. If this person is not an authorized recipient, Section 6.8 shall apply accordingly.

7.3 Applicable taxes will be addressed as set out in Section 6.

8. New Share Issue, etc.

8.1 If the Company decides to issue new Shares, debentures or other rights, to which the Company's shareholders generally have pre-emptive rights, Pareto Securities shall, based on the information provided by the Company, in the manner set out in Section 12 inform the SDR Holders about the essential conditions for the new share issue. The Company shall prepare such information and submit it to Pareto Securities who in turn will forward it to the SDR Holders. The same applies to any other offerings which the Company directs to the Shareholders. The information shall be accompanied by application forms which enable the SDR Holder to instruct Pareto Securities, subject to any applicable securities laws, to subscribe for Shares, debentures or rights, on behalf of the SDR Holder. When Pareto Securities in accordance with the SDR Holder's instructions subscribes for and is allotted such Shares, debentures or rights, corresponding registrations will be made as soon as possible after the issue and then deposited in the SDR Holder's CSD account.

8.2 If SDR Holders do not instruct Pareto Securities to exercise any of the rights set out above or the rights may not be exercised as a result of applicable securities laws restrictions, Pareto Securities can, if practical and economically feasible, sell such rights on behalf of the SDR Holder and pay the proceeds to the SDR Holders after deducting charges, other fees and taxes.

9. Fractional Rights

9.1 If the SDR Holder is entitled to or receives a number of fractional rights or any other rights which do not entitle the SDR Holder to receive an even number of Shares, Pareto Securities and the Company may enter into an agreement to the effect that Pareto Securities shall sell such excess Shares or fractional rights, etc., and pay the proceeds of such sale to the SDR Holder following deduction for costs and any fees and taxes.

10. Participation at Shareholders' Meetings, etc.

10.1 The Company shall notify Pareto Securities about a shareholders' meeting at the earliest six (6) weeks and at the latest four (4) weeks before the date of the meeting. As soon as practically possible thereafter, Pareto Securities shall inform the SDR Holders about the shareholders'

meeting. Such notification shall be published by advertisement in at least one (1) Swedish national newspaper distributed daily. The notification shall include: i) the Company's name and registration number, ii) the type of shareholders' meeting to be held, iii) the time and location of the shareholders' meeting, iv) information on how to find the convening notice in full and the agenda of the shareholders' meeting on the Company's website, v) the Record Date for the SDR Holders determined in accordance with Section 5, and vi) instructions regarding any measures to be taken by the SDR Holder in order to be able to vote at the shareholders' meeting by attending the meeting in person or to authorize a person to attend and vote at the shareholders' meeting. Only SDR Holders who are registered in the CSD Register ten (10) calendar days prior to the meeting and who have notified Pareto Securities, or its representative, no later than five (5) calendar days prior to the meeting of their intention to participate in the meeting, shall be entitled to attend and vote for their holdings at the meeting. Pareto Securities, or as applicable the custodian appointed by Pareto Securities where Pareto Securities have opened a deposit on behalf of customers, shall, as the registered owner of the Shares, well in advance of the shareholders' meeting, produce, in accordance with the Company's articles of association, instruments of proxy appointing those SDR Holders who, in accordance with these General Terms and Conditions, have expressed their intention to participate in the shareholders' meeting to Pareto Securities or its representative. Such proxies shall be sent to the Company together with a record of the SDR Holders for which proxies have been issued. The Company shall upon request from SDR Holders, send the material for the shareholders' meeting provided through the Company's website.

- 10.2 Pareto Securities will not represent Shares where the SDR Holder has not communicated any intent to attend the general meeting, in person or by proxy.

11. Information

- 11.1 Pareto Securities shall, upon instructions from the Company and in the manner set out in Section 12, provide the SDR Holders with all information that it receives from the Company or, if deemed appropriate in the opinion of the Company on a case-by-case basis, a summary of such information. As a general rule, the information shall be presented in English unless the Company deems that, in each individual case, a translation of a document into Swedish to be appropriate with regard to the contents or the purpose of the document. The English version of the information shall govern.
- 11.2 If specifically requested by an SDR Holder, the Company shall arrange for an annual report to be sent to that person. The Company shall also publicly announce stock market information in accordance with the requirements for listing on Nasdaq First North.
- 11.3 Information from the Company is available on the Company's website, <https://www.smartwires.com>.

12. Notices

- 12.1 Pareto Securities shall ensure that notices to SDR Holders pursuant to these General Terms and Conditions are provided to the SDR Holders and other rights holders who are registered in the CSD Register as entitled to receive notices in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act.
- 12.2 Written notices shall be sent by mail to the relevant person in accordance with Section 12.1 at the address stated in the CSD Register. Pareto Securities may, as an alternative to mailing notices, publish the message as an advertisement in one (1) Swedish national newspaper distributed daily.

13. Fees and Costs

- 13.1 Pareto Securities' costs and fees for administration of the Shares shall be carried by the Company unless otherwise stated in these General Terms and Conditions.

14. Change of Depositary

- 14.1 If the Company decides to retain another depositary, Pareto Securities shall transfer all of its rights and obligations regarding the SDR Holders in accordance with these General Terms and Conditions and deliver the Shares to the new depositary. A change of depositary shall be subject to Euroclear's approval and effected at the earliest three (3) months after the notice of change of depositary is submitted in accordance with Section 12. When a change of depositary is made in the manner set forth in this Section 12, SDR Holders shall be deemed to have agreed to a transfer of the rights and obligations between the SDR Holders and Pareto Securities to the SDR Holders and the new depositary.
- 14.2 Should Pareto Securities have applied for or otherwise entered into restructuring, bankruptcy, liquidation or other similar procedure, the Company may in consultation with Pareto Securities accelerate the process of changing the depositary provided that this is in the best interest of all SDR Holders, taken as a whole.

15. Amendments to the General Terms and Conditions

- 15.1 Pareto Securities is entitled to amend these General Terms and Conditions if it is necessary for the conditions to comply with the Regulations. Pareto Securities and the Company may jointly agree to modify these General Terms and Conditions, where appropriate or necessary, and in all cases on the basis that the SDR Holders' rights are not compromised in any significant way. Pareto Securities shall inform, on a prompt basis as soon as technically possible, the SDR Holders of an amendment hereunder in the manner set out in Section 12.

16. Information regarding SDR Holders

- 16.1 Pareto Securities retains the right to request information from Euroclear regarding SDR Holders and to submit such information to the Company.
- 16.2 Pareto Securities and the Company may provide information regarding the SDR Holders and their holdings to whoever fulfils a register task regarding the Shares or to governmental authorities, provided that an obligation to supply such information is required by the Regulations, or by way of agreement with a governmental authority. SDR Holders are obliged to comply with the request to provide such information to Pareto Securities.
- 16.3 Pareto Securities and the Company are entitled to provide information regarding the SDR Holders and their holdings in connection with the repayment or refund of taxes, or in connection with tax audits, to the extent it is required by law or regulation.
- 16.4 Pareto Securities and the Company have the right to provide and publish information regarding SDR Holders to the extent required by Nasdaq First North.

17. Limitation of Liability

- 17.1 If an SDR Holder has a claim for damages under these General Terms and Conditions resulting from Pareto Securities' breach of its obligations hereunder, only Pareto Securities shall be liable for such breach.
- 17.2 Neither Pareto Securities, where applicable, the custodian appointed by Pareto Securities, nor the Company shall be liable for any loss or damage which is due to the Regulations, acts of war, strikes, blockades, boycotts, lockouts, or other similar circumstances. The reservation

with respect to strikes, blockades, boycotts, and lockouts shall apply notwithstanding that Pareto Securities, where applicable, the custodian appointed by Pareto Securities, and/or the Company itself adopts, or is an object of, such measures.

- 17.3 In cases other than as set forth in Section 17.2, Pareto Securities, where applicable, the custodian appointed by Pareto Securities, and the Company shall not be liable to compensate for loss or damage where Pareto Securities, where applicable, the custodian appointed by Pareto Securities, and the Company have acted with reasonable care. In no circumstances shall Pareto Securities, where applicable, the custodian appointed by Pareto Securities, and the Company be liable for indirect damage or loss of profit.
- 17.4 If Pareto Securities, where applicable, the custodian appointed by Pareto Securities, or the Company for any reason are obstructed and unable to enforce payment or take other action due to the circumstances specified in Section 17.2, the measure in question may be postponed until the obstacle is removed.
- 17.5 Neither Pareto Securities, where applicable, the custodian appointed by Pareto Securities, the Company, nor Euroclear shall be liable for losses or damages which the SDR Holders suffer due to the fact that a certain dividend, right, notice or other entitlement which accrues to shareholders of the Company cannot, due to technical, legal or other reasons beyond the control of the parties mentioned above, be distributed or otherwise transferred or provided to those SDR Holders registered in the CSD Register on a timely basis or at all.
- 18. Termination of SDR Program, etc.**
- 18.1 Pareto Securities has the right to terminate the SDR program and the deposit of Shares through a notification to the SDR Holders in accordance with Section 12 if:
- (a) the Company decides that Shares in the Company will no longer be represented by SDRs pursuant to these General Terms and Conditions;
 - (b) the Company decides that the SDRs shall no longer be listed on Nasdaq First North or other equivalent market place;
 - (c) Euroclear terminates the contract regarding the registration of the SDRs;
 - (d) the Company applies for reconstruction, bankruptcy, liquidation or other similar proceedings, or if such a procedure has been initiated following an application by another party;
 - (e) the Company materially breaches its obligations towards Pareto Securities; or
 - (f) the custodian agreement between the Company and Pareto Securities is terminated and a new depository has not been retained as provided in Section 14 within six (6) months after termination.
- 18.2 Where the deposit of Shares has been terminated pursuant to Section 18.1(a) or 18.1(b), the listing on Nasdaq First North shall end at the earliest three (3) months from the date of dispatch of the notice of termination, provided that the SDRs have not been delisted prior thereto on the initiative of Nasdaq First North, and that such delisting complies with good stock market practice.
- 18.3 In addition to what is stated in Section 18.1, each of Pareto Securities and the Company has the right to terminate the SDR program and the deposit of Shares in accordance with the terms of the custodian agreement between the Company and Pareto Securities, in which case notice to the SDR Holders in accordance with Section 12 shall be given to the SDR Holders, and

such termination to take effect from the date agreed by Pareto Securities and the Company and communicated in a notice of termination sent to SDR Holders.

- 18.4 If any party terminates the SDR program and the deposit of Shares in accordance with Section 18.1 or 18.3, these General Terms and Conditions will continue to be valid for a duration which is to be stipulated by Pareto Securities after consultation with the Company, if practicably achievable. Such notice of termination shall be sent by mail to the SDR Holders' addresses in the CSD Register in accordance with Section 12.
- 18.5 In the notice of termination, Pareto Securities shall specify the Record Date on which it will de-register all SDRs from the CSD Register and transfer the Shares to a securities deposit account designated by the SDR Holder or as otherwise agreed by Pareto Securities and the SDR Holder. If the SDR Holder has not designated an account or otherwise reached an agreement with Pareto Securities, Pareto Securities retains the right to sell the underlying Shares. The SDR Holder is entitled to the cash proceeds, after deduction of fees, taxes and other reasonable costs. The net cash proceeds shall be paid to the cash account linked to the relevant CSD account of the SDR Holder concerned or in the absence of such a cash account, in the form of a payment notice. No interest shall accrue on the net cash proceeds.

19. Governing Law and Disputes

- 19.1 The interpretation and application of these General Terms and Conditions shall be governed by, and construed in accordance with, Swedish law without reference to the conflicts of law principles thereof.
- 19.2 Any dispute regarding these General Terms and Conditions, or any other legal action that arises from these General Terms and Conditions, shall be finally settled by a general court in Sweden. The proceedings shall be seated at the Stockholm district court.
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16 TAX CONSIDERATIONS

The following summary of the anticipated treatment of the Company and the holders of Shares is based on BVI, US and Swedish taxation law and practice as it is understood to apply at the date of this Company Description. Such laws, rules and regulations may be subject to changes after this date, possibly on a retroactive basis for the same tax year. Any changes in BVI, US and, or Swedish tax law, regulations and administrative interpretations, including those changes that could have retroactive effect may affect the validity of this summary. Please note that this document shall not be updated to cater for such changes in BVI, US or Swedish tax law.

This summary does not constitute legal or tax advice and does not address all aspects of BVI, US or Swedish tax law and practice.

Prospective investors in the Shares should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of Shares in the Company under the laws of any jurisdiction in which they may be liable to taxation.

16.1 Summary of British Virgin Islands tax

The Company is not liable to pay any form of taxation in the BVI and all dividends, interests, rents, royalties, compensations and other amounts paid by the Company to persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI. Any capital gains realized with respect to any shares, debt obligations or other securities of the Company by persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI.

Subject to the payment of stamp duty on the acquisition of property in the BVI by the Company, all instruments relating to transfers of property to or by the Company and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Company and all instruments relating to other transactions relating to the business of the Company are exempt from payment of stamp duty in the BVI.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Company or its shareholders.

Any person who is in any doubt as to his or her tax position or who may be subject to tax in any other jurisdiction should consult his or her professional adviser

16.2 Summary of United States tax considerations

The Company is liable to taxation in the US and all dividends, interests, rents, royalties, compensations and other amounts paid by the Company to persons who are not persons resident in the US are generally subject to amounts of withholding dependent upon the location of the ultimate beneficiary and type of US sourced income received. Should the Company pay a dividend, beneficial owners of the dividend will be required to provide documentation of their residence in order to claim a reduction in the default amount of withholding, currently 30 percent. In some circumstances, capital gains realized with respect to any shares, debt obligations or other securities of the Company by persons who are not persons resident in the US may also be subject to withholding or require beneficiary documentation to be provided prior to such distribution.

Any person who is in any doubt as to his or her tax position or who may be subject to tax in any other jurisdiction should consult his or her professional adviser.

16.3 Summary of Swedish tax considerations

Below is a summary of certain Swedish tax issues and the consequences that are relevant for private individuals and limited liability companies that, unless otherwise stated, have unlimited tax liability in Sweden due to holdings and trading in shares in the Company after Admission to Trading on First North. The summary is based on the fact that the shares or SDRs in the Company, from a legal perspective, are considered to be listed on the market, which is the case if trading in the shares on First North takes place to a sufficiently large extent and the assumption that the Company is tax resident in the United States and subject to United States corporate income tax. Furthermore, the summary is based on current legislation at the time of publication of the Company Description and is intended only as general information regarding the shares or SDRs of the Company from and including the time the shares or SDRs have been admitted to trading on First North. The comments below does, for example, not address:

- situations where the shares or SDRs in the Company are held as business-related shares (Sw. *näringsbetingade andelar*);
- situations where the shares or SDRs in the Company are held as current assets (Sw. *lagertillgångar*);
- situations where the shares or SDRs are held by a partnership or limited partnership;
- the specific rules that may be applicable to holdings that are or have previously been closely held companies (Sw. *fåmansföretag*) or to shares or SDRs acquired with the support of so-called "qualified shares" (Sw. *kvalificerade andelar*) in closely held companies;
- situations where the shares or SDRs are held in an investment savings accounts (Sw. *investeringssparkonto*) and which are covered by special rules on flat-rate taxation;
- specific rules that may apply to individuals who make or reverse so-called investor deductions (Sw. *investeraravdrag*);
- foreign companies conducting business from a permanent establishment in Sweden;
- foreign companies that have been Swedish companies; or
- the specific rules applicable to certain categories of taxpayers (for example, investment funds, investment companies and insurance companies).

The tax treatment of each individual shareholder depends in part on his or her specific situation. Every shareholder should therefore consult a tax adviser regarding the tax consequences that may arise in the individual case, including the applicability and effect of foreign rules and tax treaties.

16.3.1 Tax on the sale of shares in the Company

16.3.1.1 Private individuals

For private individuals tax resident in Sweden capital income from, *inter alia*, selling shares or SDRs in the Company, will be subject to capital gains taxation. For private individuals and estates, capital gains and capital losses on listed shares are normally taxed as capital income at a rate of 30 percent. Capital gains and losses on shares or SDRs are normally calculated as the difference between the sales proceeds (after deduction of sales costs) and the acquisition cost for tax purposes of the shares or SDRs sold. When calculating the taxable capital gain, the average-cost method is generally used. According to this method, the acquisition cost for a share or SDR shall consist of the average acquisition cost for all shares or SDRs of the same type and class. When selling listed shares, such as the shares in the Company, the acquisition cost may alternatively be determined according to the so-called standard method to 20 percent of the sales proceeds after deduction of sales costs.

Capital losses on listed shares or SDRs are fully deductible against taxable capital gains that arise during the same year from shares or SDRs and other listed securities that are taxed as shares or SDRs, except for shares or SDRs in mutual funds (Sw. *värdepappersfonder*) or special funds that invest in only Swedish debt instruments (Sw. *räntefonder*). Capital losses on shares or SDRs that cannot be offset in this way are deductible up to 70 percent against other capital income. Should there be a net capital loss, a tax credit is allowed on municipal and state income tax as well as property tax and municipal property tax. The tax reduction allowed is 30 percent of the net capital loss up to SEK 100,000, and 21 percent of any loss exceeding SEK 100,000. Any excess net loss cannot be carried forward to following years.

16.3.1.2 Limited liability companies

Swedish limited liability companies are taxed on capital income, including capital gains, as business income at a rate of 20.6 percent for 2021 and later financial years. Capital gains and losses are essentially calculated in the same way as described for private individuals above. Deductible capital losses on shares, SDRs or similar securities may only be deducted against taxable capital gains on such securities. A capital loss may also, if certain conditions are met, be off-set against capital gains on shares and other securities in companies within the same group, provided that the companies are allowed to exchange group contributions (Sw. *koncernbidrag*). Capital losses that have not been utilized one year may be carried forward and deducted against taxable capital gains on shares, SDRs and similar securities in subsequent financial years without any limitation in time.

16.3.2 Tax on dividends

16.3.2.1 Private individuals

In general, dividends on shares or SDRs are taxable. Private individuals tax resident in Sweden are taxed at a rate of 30 percent as capital income. Preliminary tax on dividends is normally withheld at 30 percent by Euroclear,

or by the nominee if the shares are nominee-registered. The Company is not responsible for any withholding tax being withheld.

16.3.2.2 Legal entities

Taxable dividends received by Swedish limited liability companies are taxed as business income at a tax rate of 20.6 percent financial year 2021. Under certain conditions, dividends on business related shares or SDRs may be tax exempt. Shares or SDRs listed on an exchange, such as First North, are considered business-related if the shareholding represents at least 10 percent of the votes or that the shareholding is closely related to the business carried on by the shareholder. To qualify for the tax exemption for dividends on listed shares or SDRs, the shares or SDRs must be held for an uninterrupted period of at least one year from the shares becoming business-related for the holder. The holding period requirement does not have to be met at the time of dividends.

16.3.3 Shareholders with limited tax liability in Sweden

Shareholders with limited tax liability in Sweden are generally subject to withholding tax on dividend payments from Swedish limited liability companies. The tax rate is 30 percent, if not reduced or eliminated under domestic law or an applicable tax treaty. Dividend distributions made by the Company should not be subject to Swedish withholding tax under the assumption that the Company is not a Swedish limited liability company.

Shareholders with limited tax liability in Sweden and whose holding is not associated with a permanent establishment in Sweden are normally not subject to capital gains taxation in Sweden on the disposal of their shares or SDRs. These shareholders, however, may be subject to taxation in their country of domicile. As provided by a special tax rule, private individuals with limited tax liability in Sweden may be subject to Swedish capital gains taxation on the sale of shares or SDRs if they have at any time during the year of the disposal, or any of the ten preceding calendar years, been a permanent resident or permanently resided in Sweden. Application of this rule may, however, be limited by tax treaties between Sweden and other countries.

17 DEFINITIONS AND GLOSSARY

In the Company Description, the following defined terms have the following meanings:

Table 12 – Definitions and glossary	
Defined terms	Meanings
2020 Loan Agreement	A loan agreement entered into between the lender and SWI in June 2020 for an initial gross proceeds of USD 25 million
2021 Loan Agreement	The entering into of a new loan agreement between the existing lender under the 2020 Loan Agreement and SWI in February 2021 for an additional credit facility of USD 25 million
3x5 Group	3X5 Special Opportunity Fund, L.P., 3x5 RiverVest Fund II, L.P., 3x5 RiverVest Fund II-B, L.P., Smart Wires Investors, LLC, Smart Wires Investors II, LLC and their respective Affiliates
Additional SDRs	In connection with the Private Placement, the Manager over-allotted a total of 4,540,000 additional SDRs
Admission to Trading	Admission to trading of the Company's Shares on First North
Base Offer	The gross proceeds of SEK 1,262 million from the Private Placement
BC Act	The BVI Business Companies Act, 2004 (as amended)
Board or Board of Directors	The board of directors of the Company
BVI	The British Virgin Islands
CAPEX	capital expenses or expenditures are funds used by a company to acquire, upgrade, and maintain physical assets.
Capital Restructuring	The process in which the preferred stock and convertible notes in SWI were converted to common stock in SWI prior to the Admission to Trading in a capital restructuring carried out by the Group as part of the Reorganisation
CCO	The Group's Chief Commercial Officer
CEO	The Group's Chief Executive Officer
Certified Advisor	Erik Penser bank AB, in its capacity as advisor in the Admission to Trading
CFO	The Group's Chief Financial Officer
CM Agreement	Manufacturing services agreement between the Company and Jabil Inc
CM VA	CM's value added manufacturing services
COO	The Group's Chief Operating Officer
CTO	The Group's Chief Technology Officer
Company	Smart Wires Technology Ltd
Custodian	Pareto Securities AB
Custodian Agreement	custodian agreement entered into between the Company and the Custodian
EEA	The European Economic Area
EHS	Environment, health and safety
ESG	Environmental, Social and Governance
ESO	National Grid Electricity System Operator Limited
EU	The European Union
Euroclear	Euroclear Sweden AB (publ), the Swedish Central Securities Depository
Exchange Agreement	The exchange agreement entered into between the Company and the Excluded Shareholders
Excluded Stockholders	Certain stockholders of SWI owning issued and outstanding SWI shares who will enter into exchange agreements with the Company
First North	Nasdaq First North Growth Market is a multilateral trading facility operated by Nasdaq Stockholm
Frank, Rimerman	Frank, Rimerman + Co. LLP
GBP	British Pound Sterling, the legal currency of the United Kingdom
GDPR	General Data Protection Regulation (EU) 2016/679
GOGRID	Smart Wires' ticker code on First North
Greenshoe Option	The Company has granted to the Manager an option to subscribe for and have issued to it a number of SDRs at the Subscription Price equal to the number of Additional SDRs to cover short positions resulting from the over-allotments
Group or Smart Wires	The Company together with its consolidated subsidiaries
Company Description	This company description dated 14 May 2021

ISIN	International Securities Identification Number
IP	Intellectual property
IT	Information technology
Management	The Company's senior executive management team
Manager	Pareto Securities AS, in its capacity as manager in the Private Placement
Member	A holder of Shares
Memorandum of Association	The memorandum of association of the Company
Merger	The merging of the Merger Subsidiary with and into SWI, with SWI surviving and becoming a partially owned subsidiary of the Company
Merger Subsidiary	A previously first tier US subsidiary of the Company incorporated in Delaware as part of the Reorganisation
MPFC	Modular Power Flow Control
NGET	National Grid Electricity Trans plc
Nominee	The nominee shareholder temporarily owning the Company as part of the Reorganisation
PG&E	Pacific Gas and Electric Company
POs	Purchase orders
Private Placement	The private placement announced by the Company on 6 May 2021
Q1-20	The three-month period ended 31 March 2020
Q1-21	The three-month period ended 31 March 2021
Remuneration Committee	The Company's remuneration committee from time to time
Reorganisation	The formation of Smart Wires Technology Ltd under the laws of the BVI and it ultimately becoming the parent company of the operating company SWI through an inversion transaction
RES zones	Renewable Energy Source Zones
RSUs	Restricted stock units
Rte	Réseau de Transport d'Électricité Société anonyme
SDRs	Swedish Depositary Receipts
SEK	Swedish kronor, the legal currency of Sweden
Shares	Means all outstanding shares issued by the Company, including the new shares issued in the Private Placement, each with a par value of USD 0.01
Stabilisation Manager	Pareto Securities AB
Stabilisation Period	Within a 30-day period commencing at the time trading in the shares commences on First North
SWI	Smart Wires Inc
UK Power Networks	UK Power Networks (IDNO) Ltd.
U.S. or United States	United States of America.
U.S. GAAP	Accounting principles generally accepted in the United States of America
U.S. Securities Act	U.S. Securities Act of 1933.
USD	United States dollar, the lawful currency of United States

ADDRESSES

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